EUROPE ON $223 MILLION A DAY

IT'S TIME TO GIVE PUBLIC EMPLOYEES THE PAY CUT THEY SO RICHLY DESERVE

The Washington Monthly

FEBRUARY 1981/$2

CLIP and SAVE!

Inside: The Official

Reagan Scorecard*

Will Reagan follow through? Will he sell out?

You can't tell the sellouts without a SCORECARD!

Keep score on Reagan in your own home! It's fun! It's easy!

* SO SIMPLE EVEN REPUBLICANS CAN USE IT!

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

CHOOSE THE MORTGAGE THAT'S BEST FOR YOU.

Today, choosing the right kind of mortgage is as important as choosing the right house. The 30-year, fixed-rate loan has been joined by a variety of new types of mortgages, designed to help home buyers and lenders cope with rapidly changing interest rates.

THE STANDARD MORTGAGE

Many lenders still offer the fixed-rate, 30-year mortgage. Since it's issued at an interest rate that stays the same over the life of the loan, your monthly payments (principal and interest) remain constant. However, in exchange for the assurance of level payments, interest rates may be higher for these mortgages than for the newer types.

Government-backed FHA and VA mortgages have fixed rates which may be lower than conventionally financed loans, but lenders usually compensate by charging "points" to the seller. (A point equals 1% of the mortgage.) The seller may therefore be less willing to negotiate on his asking price.

GRADUATED PAYMENT LOANS

One of the new kinds of loans, the Graduated Payment Mortgage (GPM), is set up so that monthly payments start out lower and then increase gradually to a predetermined limit that is higher than for level-payment mortgages. GPMs permit buyers who expect their future income to increase to qualify for larger loans.

MORTGAGES WITH CHANGING RATES

Another new type of loan comes in a variety of forms, called adjustable rate, variable rate or renegotiated rate mortgages. They all work basically the same way: their interest rates will go up or down, within stated limits, over the term of the loan. The amount of the adjustment depends upon changes in prevailing interest rates. Lenders frequently offer lower initial rates on these loans than for standard fixed-rate mortgages.

ASK QUESTIONS UNTIL YOU'RE SURE

Choosing the right kind of mortgage is more complicated and probably more important now than ever before. It makes sense to talk to someone experienced in real estate, to ask lots of questions all along the way, and to compare the offerings of all types of lenders, such as savings and loan associations, banks, mortgage companies and credit unions.

For additional information to help you shop for a mortgage to fit your particular needs, write for our free booklet.

WHAT IS FANNIE MAE?

Fannie Mae, the Federal National Mortgage Association, is a shareholder-owned corporation which helps meet people's housing needs by supplying money to the home mortgage industry. We do not make loans directly to consumers. But by purchasing mortgages from local lenders, we replenish their funds for further lending.

Since becoming a private corporation in 1968, Fannie Mae has invested in housing for more than three million American families. Federal National Mortgage Association, 3900 Wisconsin Avenue, N.W., Washington, D.C. 20016.

FANNIE MAE America's Mortgage Resource

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Letters

Minimum Interest

I was surprised that you took off on the minimum wage ["Tilting at Windmills," December]. Any civilized society should have a wage floor below which the most unscrupulous employer cannot drop. The U.S. minimum has always been equal to a full-time income that is below the poverty level for even a small family.

If a lower-than-minimum wage for youth should become law, as you suggest, the beneficiaries would be the stockholders of fast-food corporations, like McDonald's. There would not be a dent in the unemployment rolls.

JAMES E. WOLFE
Cincinnati, Ohio

Mr. Wolfe is an official of the International Molders and Allied Workers Union.

I guess I am resigned to the fact that no one publishes an intelligent magazine. Yours is the latest to bare its stupidity. Although a "union man," I disagree with Big Labor most of the time. But when you propose a stupid non-solution to unemployment—the youth minimum wage—I must defend Big Labor. There are only a set number of jobs available. There can only be a set number of employees. Decreasing the pay for these jobs cannot increase their number.

A.D. ROMAN
Portland, Oregon

The editor replies:

At the risk of sounding like a supply-sider, I disagree that the number of jobs is forever fixed. If businessmen could pay teenagers a lower wage—and most teenagers, let's face it, are worth less to an employer than most adults—then they could afford to hire more people. Maybe it won't work, and companies like McDonald's might just pocket the diifference, instead of expanding employment. If that happens, we should repeal the lower minimum, and put things back the way they were. But we'll never know if it will work unless we try.

View From the Bottom

Although I am in complete agreement with most of your contentions concerning the mad state of the federal bureaucracy, I wish you would qualify some of your exaggerations about federal pay.

Not all categories of federal employment are a ticket to the good life. I have worked for the federal government (fate, not design, was the reason) for seven years. I started with the Veterans Administration at $7,800, GS-5. This was in New York City. Since that time I have been elevated to grade 9; there is, it's true, some automatic upward movement in grade and step, but not the kind you are so fond of describing. Extravagant salary compensation for menial and/or meaningless tasks may be the rule at the top of the civil service, but not necessarily at the bottom.

JIM MORGAN
Fort Kent, New York

Strong Language

I agree with Gregg Easterbrook's article on bilingualism ["English Si, Spanish No," December 1980]. The foreigner who can't replace his native tongue with English will be unwittingly discriminated against in this country.

A personal experience of mine confirms this. In an effort to make Filipino stewards strive for equality, the chief steward's mate at a naval station forbade the use of Tagalog in the officer's mess. After a while, the Navy began to find, I hope to no one's surprise, that Filipinos were able to work (and be promoted) quite well in other areas beyond table serving.

This realistic approach is what I would encounter were I to live and work in Mexico or Italy.

R.C. SLUSSAR
Pebble Beach, California

As a Chicano, I believe you fail to comprehend Hispanic history. Language, for Chicanos and other Latinos, is part of our culture. Spanish is part of our world view. How we see ourselves in this world is involved, in part, in our use of Spanish.

Your article is an outrageous racist attack and slander against all Latino peoples. If you can use the term "wetback" in a journal of *The Washington Monthly*'s stature, without apprehension, then I take pride in condemning Easterbrook as an ignorant, lame, honky-cracker. Would he object to a dual-language society if the second language were French or German?

If society, through its educational system, develops policies that tell children their language is bad—not American, thus not acceptable—the society is condemning the home life of these students. Society then stands to blame for the poor school performance and negative attitudes which develop as a result of this rejection.

MIKE De La TORRE
Whittier, California

continued on page 4

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Yes, Pollsters & Opinion Surveyors
There IS a

MAGIC TOWN

FICTION: In the movie, "Magic Town", James Stewart plays the role of an opinion pollster who discovers a small town where people think the way the nation as a whole does. Imagine . . . inexpensively surveying a hamlet, learning what the townsfolk think . . . and knowing the entire country thinks as **they** do. That's what made it a truly magic town.

FACT: California **has** a town that thinks the way the State as a whole thinks. And $^{1}/_{10}$ of the entire American populace resides in California! Imagine what surveying this town would be worth to you and your clients.

QUESTION: Want to know the town's name and why it is a Magic Town?

Contact - **TELAUDIO CENTRE • P.O. Box 921**
Beverly Hills • California 90213

The information specialists at Phillips Petroleum will help you. Call us.

Bill Adams (918) 661-5224
Dick Robinson (918) 661-5204
Jere Smith (918) 661-4982
Dan Harrison (918) 661-4974
Susan Stoffle (918) 661-5946
Fred Davis (918) 661-4987
Research & Development
Jerry Regan (918) 661-8727

PHILLIPS 66

BARTLESVILLE, OKLAHOMA 74004

The Washington Monthly

Editorial Advisory Board:
Graham Allison, James David Barber, Edgar Cahn, David Halberstam, Murray Kempton, Richard Reeves, Hugh Sidey.

Editors:
Charles Peters, Editor-in-Chief, Gregg Easterbrook.

Contributing Editors:
Thomas N. Bethell, Tom Bethell, Marjorie Boyd, Taylor Branch, James Fallows, Robert M. Kaus, Michael Kinsley, Nicholas Lemann, Suzannah Lessard, Arthur Levine, Joseph Nocera, Thomas Redburn, Leonard Reed, Walter Shapiro.

Business and Advertising Director:
Charles Post.

Staff:
Carol Trueblood, Donna Fenn, Alex Heard

Intern:
Michael Hiestand.

Production and Design:
Cathy Abramson, Art Director. Lynn Farley, Susan Kelly, Gouri Krishna, Pat Martin, Molly Skardon. Peters Day, Diana Walker.

Cover Art:
Cathy Abramson.

Published monthly except combined July. August issue by The Washington Monthly Company, 2712 Ontario Road, NW, Washington, D.C. 20009, (202) 462-0128.
Copyright ©1981 by The Washington Monthly Co. All rights reserved. Reproduction by any method whatsoever without permission is prohibited. ISSN: No. 0043-0633.

Subscription rates: U.S. and possessions—$22, one year; $39, two years; $52, three years. Foreign, including Canada, $2 per year additional, surface; air mail rates available on request. Back issues, $2.50. Send all remittances and correspondence concerning subscriptions, undelivered copies and changes of address to 2712 Ontario Road, NW, Washington, D.C. 20009. For changes of address please provide six weeks advance notice and return old address label.

The Washington Monthly is indexed in the Book Review Index, the Reader's Guide to Periodical Literature, Public Affairs Information Service, the Social Science Index and Ulrich's International Periodicals directory, and may be obtained on microfilm from University Microfilms International, Ann Arbor, MI, 48106.

Unsolicited manuscripts must be accompanied by a stamped, self-addressed envelope.

Second class postage paid at Washington, D.C. and additional offices.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

VOLUME TWELVE NUMBER ELEVEN
FEBRUARY 1981

TILTING AT WINDMILLS 5

Europe on $223 Million a Day
by Joseph Nocera
We spend so much on Europe because the generals and the diplomats have such a great time there. 10

***Washington Monthly's* Reagan Scorecard**
by Robert M. Kaus
Will Reagan follow through? Will he sell out? You can't tell the sellouts without a scorecard. 20

The Real Way to Save Our Cities
by Alex Heard
It's time city employees got the pay cut they so richly deserve. 35

Big Labor Brings Home the Bacon
by Gregg Easterbrook
Subsidies for the working man are just like subsidies to businessmen—they flow to those who need them least. 40

Eyes Only, Jesus
by Jeffrey M. Prottas
We disclose the text of a recently uncovered memo from St. Peter. 49

ON POLITICAL BOOKS by Nicholas Lemann 57

POLITICAL BOOKNOTES 60

LETTERS 1
MEMO OF THE MONTH 19
POLITICAL PUZZLE 56
TIDBITS AND OUTRAGES 48
WHO'S WHO 53

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Letters

(continued)

Easterbrook's analyis of the proposed bilingual regulations is pitifully inadequate. His examples of the miracles of English immersion ignore the historical evidence regarding this teaching technique. The poor condition of Hispanic education is, in no small part, due to the history of immersing Spanish-speaking children in English-only classes.

The article also alludes to my organization, the LULAC National Educational Service Centers, as "an influential Hispanic lobby." My organization is a 501(c)3 community-based organization established in 1973 to counsel Hispanic high school students and to assist them in attending college. We are certainly not a "lobby." And if we are so "influential" why did the author not attempt to speak with me before writing his malicious article?

MICHAEL A. OLIVAS
Washington, D.C.

Mr. Olivas is director of research for LULAC National Educational Service Centers, Inc.

Easterbrook's vituperative diatribe presumes that bilingual education is divisive and anti-American. On the contrary, like the civil-rights program, the aim of bilingual education is to reintegrate a fragmented society. Bilingual education means a more humane transition to English and fuller participation in our society for linguistic minorities. It is a powerful step toward social justice, and results from the acknowledgment of the inadequacies of our English schooling for non-English-speaking children.

Would the author say to the six-year-old Navajo that the conquest of his tribe has eliminated his right to his own language and culture?

CHARLES R. FOSTER
Washington, D.C.

There is no more derogatory word to identify and describe Hispanics than "wetback." Easterbrook and *The Washington Monthly* owe a formal apology to our nation's proud Hispanic citizenry.

The only way I could describe Easterbrook is as a "pendejo."

Please cancel my subscription immediately.

RUBEN BONILLA, JR.
Corpus Christi, Texas

Mr. Bonilla is president of LULAC, the League of United Latin American Citizens.

The author replies:

To answer Mr. De La Torre, yes, I would object to a dual-language America if the second language were French or German. That would be just as foolish and inefficient as making Spanish the second language—or making English an official second language of Mexico. (I am Canadian-born, and you may remember the article objected to the dual-language use of French in Canada.)

As regards Mr. Olivas's complaint, I am sorry the article failed to emphasize the distinction between LULAC Educational Centers and its parent organization, LULAC, which is both a lobby and influential. This was my error. I am also sorry I did not contact him before writing the article, although I spoke to other Hispanic educational scholars. There is never time to interview every relevant authority.

To answer Mr. Foster—that is exactly what I would say to a Navajo child. He has no "right" to confound an English-speaking society with the Navajo language, any more than a French- , German- , or Spanish-speaker has that "right." This has nothing to do with the crimes that have been committed against his people; I feel deep shame over the treatment of Native Americans, especially the horror of their slaughter. Likewise I feel shame over the prejudice that has been directed against Hispanics. But we cannot change the past. We can only change the future. We should change the future by welcoming the Navajo, and the Hispanic, child into real-world American society, giving him the tools—particularly the language—to succeed and share society's wealth. Then he will have the opportunity to learn about his heritage in comfort instead of desperation. He will also have the resources to keep his culture in his own way. Proud poverty is an illusion; Navajos and Hispanics will never be able to truly honor their culture until they have the money and the social standing to be masters of their own fates. Bilingualism would prevent this.

Finally, readers may recall I used the term "wetback" three times in the article, each time to add immediacy and emotional impact, not to slander. "Gooks" and other racial invectives were used in the article too, and for the same purpose. In retrospect, I regret one of those three uses, the one in a subhead. Most of the subheads in this magazine are humorous. I fear some readers assumed that the "wetbacks" subhead was a joke too, meant to ridicule Hispanics. This was in no way my intent, and I apologize to anyone who drew that conclusion. Otherwise I stand behind the remaining uses of "wetback"—and everything else in the article—absolutely.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Tilting at windmills

If you are one of those who complains about the impenetrability of the prose employed by public officials, if you feel they never call a spade a spade, let me direct your attention to a lecture on judicial ethics Chief Justice Richard Neely of the West Virginia Supreme Court recently gave to a gathering of magistrates:

"You certainly shouldn't own a whore-house," Chief Justice Neely advised. "It's not good for a judge to be in the whore-house business. Don't go out and screw 13-year-old girls. Lady magistrates, I don't know if there's any equivalent for you, but certainly do not help somebody screw 13-year-old girls.

"When it actually comes down to election time and the other guy's out there doing dirty, I'm going to kick you out if you're the first guy to say 'He's queer. He steals sheep.' On the other hand, if somebody else starts it and it's unjust, then get in there and fight like hell. At a certain point, it gets down to survival. If you're a good magistrate, I want to see you survive, so do whatever it takes to survive. But don't start it [the fight], let the other man start it."

As the Chief Justice was making clear, it can be somewhat embarrassing for a public official to be caught doing something he is not supposed to do. *The Chicago Sun-Times* recently caught David Stockman, Reagan's head of the Office of Management and Budget, doing exactly that. A 13-year-old girl, I hasten to add, was not involved. But it seems Stockman had attempted to intervene with the Department of Energy on behalf of Agri Power Inc., a company seeking subsidies for the development of its fuel-alcohol distillery in Addison, Michigan. Stockman is of course well known for his opposition to government subsidies for private business, especially subsidies for synthetic fuels (of which fuel alcohol is one). Apparently his opposition does not extend to subsidies for a business in Addison, which is in his district....

Government reports seldom make for fast-paced reading. And one would not expect a 2,500-pager from the Special Commission Concerning State and County Buildings of Massachusetts to be an exception to the rule. But it is—and there isn't a consenting minor in it.

One section tells how three recent Massachusetts governors generated campaign contributions. Likely contributors—people doing business with the state, such as contractors and lawyers—were invited to meet with the governor. "The innocent flush with pride at receiving the invitation," the report says. "The practiced reach for their pocketbooks.

"The appointment is made at a suite of three rooms in a Boston hotel. The outer room is a large waiting room, where one discovers one's peers and fellow practitioners in uncomfortable numbers. In the second room sits the governor, usually making up time over soup and a sandwich. The audience lasts no longer than two or three minutes.

"In the third room is the fundraiser who, with records at hand, reminds the individual of work done in the past, of profits received on state work, and suggests the time has come to help the governor and the party by a maximum contribution. In this particular scenario, one cannot even apologize for a shortage of money—a cash-flow problem, as businessmen put it—because there is also in the room a stack of 60- or 90-day bank loan forms, ready for signature if things are tight or if you have forgotten your checkbook...."

The diplomatic beat ranks first, and the energy, regulatory, and economic

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

beats rank eighth, tenth, and eleventh, in a poll of Washington reporters published in Stephen Hess's new book *The Washington Reporters*. Thus it may be that America's industrial decline will someday be explained, in some part at least, by the fact that energy, regulatory, and economic problems are reported mostly by the journalists who were left over after the preferred assignments were handed out.

Why does the diplomatic beat rank highest? Hess thinks the answer is that it combines travel with visibility. I agree. Reporters, like everyone else, love to take trips. They also love to have folks back home see them on television.

The latter drive, in fact, is what I have come to regard as the dominant motive of most Washingtonians I know. It is not money. It is not sex. It is "If they could see me now!"

Maybe it's dad or mom or your older brother or sister, maybe it's the snobs who snubbed you in high school. But whoever "they" are, most of the people I know are trying to show "them" something.

How else can we explain, for instance, why reporters bear the boredom of hanging around the White House press room or listening to State Department briefings? How, above all, can they endure a Washington cocktail party, where most of what is said to you is so stupefying, it makes Hodding Carter seem like a stand-up comedian? The explanation must be that Washingtonians *want* to be there, want to be part of the picture, want to have an impressive story to tell whoever their "they" is.

The wise Washington lobbyist understands all this and, like a Coppola or a Huston, creates scenes that he knows the lobbyee—whether a reporter, a newly arrived congressman, or an assistant secretary just appointed by Reagan—wants to be part of. It can be a gathering of statesmen, celebrities, or high society. It doesn't matter what the purpose of the gathering is, or even if there is a purpose. All that matters is that "they" will be impressed....

I tend to be a hard-liner on crime but I want to protest one recent conviction, that of Brigadier General Joseph Mays of the Iowa National Guard. He was given a four-month jail sentence for using a Guard plane to court Gwendolyn Applequist, whom he later married. Surely the Guard's long tradition of using public property for private purposes seldom has been more gallantly honored....

If you're driving along the Bayshore Freeway near Sunnyvale, California, you'll see by the side of the road a cluster of snow-white dishes pointing skyward. The cluster is, as Joseph Albright of the Cox Newspapers points out, the lone ground station from which the Pentagon controls military communications satellites linking the president and our forces abroad. It also steers most of the country's spy satellites, including the vital missile-warning monitors.

These arrangements are, as an Air Force report delicately notes, "vulnerable to disruption," being within bazooka range of the highway. (Terrorists, save time; aim for the center.) Sunnyvale also happens to lie eight miles from the San Andreas Fault.

More cheery military news comes from John Fialka of *The Washington Star*. He reports that in recent tests of our mobilization network, the largest and most expensive computer-controlled system in the world "just fell flat on its ass," in the words of one of Fialka's sources. One purpose of the network is to provide generals and admirals with up-to-the-minute reports on the readiness of their units. Fialka notes however, that the computer became so overloaded, the first reports were not available until 12 hours after urgently required—just in time for commanders to tell their units where to surrender....

A recent study by the Aviation Safety Institute reveals that airline flight attendants suffer from mild malnutrition—because they don't eat enough on duty. "It seems to me that the food is mostly fillers," one attendant told *The Wall Street Journal*'s Susan Harrigan. "All the stuff congeals after a while, and the meat turns blue or various shades of purple or green. After you've seen that, you can't eat it."

Hegel may have been wrong about the sweeping movements in history in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

general, but he certainly was right about the world of fashion. It seems short skirts will be back with us this spring, doubtless followed by long skirts next year, then medium-length skirts the year after that. But there is one fashion change on the way that I welcome—the end of public display of brand names. Louis Vuitton, the luxury luggage firm, is producing a new line of suitcases without the familiar crossed golden initials, and another fashionable store, Bottega Veneta, has been running ads that say, "When your own initials are enough."...

Here is the latest "unanticipated consequence" of the Freedom of Information Act: the B.R. Step Co. of San Diego has obtained through FOIA application the "Confidential Official IRS Audit Guide," which it will sell to you for $30....tax-deductible....

Still don't believe all these dire warnings about the need to improve the military? Jeffrey Record makes a case that might convince you: "Not since the Inchon landing has a U.S. military venture been crowned by sucess. Our military performance since 1950 suggests that we as a society have lost touch with the art of war. Inchon was followed by the rout of American forces along the Yalu, Yalu by the Bay of Pigs fiasco, the Bay of Pigs by a disaster in Indochina, Indochina by the fizzled raid on Son Tay to retrieve U.S. POWs thought to be confined in North Vietnam, Son Tay by the abortive assault on Koh Tang Island in search of the hijacked *Mayaguez*, and *Mayaguez* by the debacle in the Iranian desert."...

There is one criminal prosecution that I fear Frank Fitzsimmons's friend, Ronald Reagan, will not pursue, even though it involves a Democrat. It is the case of Senator Howard Cannon, who in 1979 attempted to acquire an interest in a potentially lucrative parcel of Nevada land that was owned by a Teamsters Union pension fund. At the same time he was working to weaken trucking-deregulation legislation—the exact position, of course, the Teamsters would have wanted him to take....

Reports from the recent meeting of the Modern Language Association in Houston indicate an increasing number of liberal-arts scholars are seeking jobs in business. Maybe this is only a response to the declining number of jobs in academia. I hope it is at least in part inspired by the challenge and excitement that a career in business can offer. One of the reasons for the decline of American industry is that, for the last 20 years or so, it has not been the place where our best and brightest wanted to be....

From another academic convention came this *New York Times* headline: "Public Role Sought by Anthropologists; Specialists in Study of Man Gather in the Capital and Assail Lack of Power in Government."

The story, by Robert Reinhold, recounted a meeting of the American

ORGANIZING AND STAFFING THE PRESIDENCY

by Bradley D. Nash,
with Milton S. Eisenhower, R. Gordon Hoxie and William C. Spragens
New York, Center for the Study of the Presidency, 1980 xvii, 196 pp. $7.00 paper; $10.00 hardcover
(add $1.00 for postage and handling)

HERE IS WHAT EARLY READERS SAY:
"At a time when so much is demanded and expected of the President, concerned Americans should study this work."
PRESIDENT GERALD R. FORD
"Wholeheartedly I commend it..."
JENNINGS RANDOLPH, U.S. Senator (D) West Virginia
"This is a work not just for transition teams but for all Americans."
BRYCE N. HARLOW, Former Counsellor to the President
"Every concerned student of the American Presidency can gain new insights..."
LOUIS W. KOENIG, Professor of Politics, New York University

at your bookstore or by mail from

Center for the Study of the Presidency
926 Fifth Avenue, New York, N.Y. 10021

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Anthropological Association. I was deeply moved by the anthropologists' complaint, so I arranged to get a copy of the meeting's program. It quickly became clear to me why anthropologists have no public role—not more than ten percent of the studies listed in the program could possibly have had any relevance to government. Only one, by Michael Maccoby, was even on the subject.

Why have anthropologists failed to see government as a subject for study? Consider the culture of the bureaucracy; the cultures of Congress, the White House, the Washington press; and the larger culture of Washington, where lobbyists interact with all these groups. Why aren't the rituals, the pressures and the imperatives of these cultures just as important as the courting customs of Peruvian bushmen?...

Some people are fascinated by rare butterflies, others by painters of the Italian Renaissance. For me it is the titles that government officials confer upon themselves. My current favorite: Confidential Executive Assistant to the Assistant Secretary of Education for Non-Public Education....

If you have begun to doubt the power of the press, I have an encouraging report for you. Here is a series of headlines that appeared in *The San Jose News* late last year:

Nov. 25: "U.S. Considers Fruit Fly Aerial Spraying in Area"

Nov. 26: "Danger Lurks in Fruit-Fly Spraying, Entomologists Say"

Dec. 4: "Let Sleeping Fruit-Flies Lie" (Editorial)

Dec. 10: "U.S. Cancels Fly Spraying Over County"

Smithsonian magazine gets a substantial postal subsidy from taxpayers. Yet it boasts to potential advertisers, "This year a staggering 1.2 million of our readers will travel abroad." If they can afford to travel abroad, why can't they afford to pay postage?...

One of the more delicate problems facing the elected public official is how to transfer money from private businesses to his own pockets, or at least as close as is possible to his own pockets, without running an undue risk of incarceration or other interference from law-enforcement agencies. A time-honored device for achieving this end has been to stage some kind of ceremonial event—perhaps an "appreciation dinner"—for which a program is printed. Why do you need a program? To tell you what comes after the creamed peas? No, because you can sell private businesses ad space in a program.

In the past, use of this device has largely been confined to the higher ranks of elected officialdom—mayors, governors, and congressmen. But H.R. Crawford, recently elected to the District of Columbia City Council, refused to let mere custom deprive him of the rewards of office.

Crawford became the first member of the council to have his own inauguration ceremony, complete with inauguration committee and an inauguration program with 28 pages of advertising from local businesses....

The appendix of a new survivalist book *Life After Doomsday*, by Bruce D. Clayton, contains advice on what areas of the country not to live in. That advice takes the form of a comprehensive list of strategic military targets the Soviet Union would attack with nuclear bombs during a war. The list is highly detailed. It explains the location and purpose of each military installation, and gives everything but missile-targeting coordinates and a schedule of when radar screens are down for maintenance.

How did Clayton compile this material? He didn't. He found it in an unclassified report of the Defense Civil Preparedness Agency, and also in a public hearing record of the Senate Foreign Relations Committee. Washington seems to have gone to a great deal of trouble to make the Russian spy's task an easier one: not only does the list reveal our military targets, it ranks them in order of significance, as primary, secondary, or tertiary....

I'm sure some readers will be shocked by Alex Heard's proposal to cut the wages of public employees (see page 35). Most people have become accustomed not only to not having their wages cut,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

but to getting annual raises. Cost-of-living raises in particular have come to seem a matter of right to employees, who feel locked into a continuing battle against inflation.

But let's stop and think for a moment. Why should raises be a matter of right? Suppose the organization we work for would go out of business or lose its competitive edge if it tried to pay raises, or suppose the increase would hurt the economy as a whole.

As economist Lester Thurow pointed out recently in *The New York Times*, wages are a large factor in inflation, and halting inflation may mean accepting a reduction instead of seeking an increase in pay. Thurow notes, "As long as productivity continues to fall and imported oil prices rise, wages must fall if America is to have price stability."

If we try to heed Thurow's advice and cut wages, it won't be easy. We'll need leadership. We'll need examples to follow. But what do we hear from Washington? A call for *higher* wages for government officials—a call echoed by Carter, Reagan, and most of the town.

One Washington columnist writes that large salary increases for congressmen, cabinet officers, and 34,000 other high federal officials would merely be "Doing the Right Thing, doing what must be done regardless of popularity." He says that present limits on federal salaries have led to "an exodus of experienced people from the civil service." *The Washington Star* pursued this theme with an editorial claiming a "massive" number of top officials are "resigning or retiring early from their positions."

Why must we have Washington columnists and editorialists who know nothing about Washington? I challenge any of them to produce evidence that large numbers of civil servants have left their $50,112 salaries (the current limit) for higher-paying positions outside the government. Most of those who left did so not because they were seduced by higher salaries, but because of idiotic federal policies that rewarded them with even more money if they retired early.

Not only are the journalists ignorant of the real reason for retirement, they seem to have no idea that, while some federal employees are underpaid, most of them are compensated for their sacrifice by the security of tenure. And many more are, quite simply, overpaid. Some are overpaid in the sense that what they do is not worth the money they get. Others are overpaid in the sense that there are a lot of people ready and willing and able to to do the job for less money. Still others are overpaid in the sense that, if asked, they would be willing to work for less pay, either out of a sense of duty or out of love for their work.

I was one of the latter, but only because I was put to the test. When I came to work for the government in 1961, I asked for the maximum I could be paid. I was offered a little more than half of what I asked. But by that time I had been on the job for several weeks, was thoroughly excited about what I was doing, and accepted the lower salary, not grudgingly, but gladly.

In my late teens and early twenties, I had a similar experience working in the theater. I saw what theatrical people were willing to sacrifice for the sake of the work they wanted to do. Even as late as 1979, 65 percent of the members of the Actors' Equity earned less than $2,500 a year from the theater, and made ends meet only with a variety of part-time jobs.

There are a lot of people who love politics and government just as much as any actor loves Broadway. We don't have to ask them to work for $2,500, but we should begin to realize that there are some fascinating jobs in this government, jobs that a lot of people would be willing to do for a lot less than they pay—say, for $35,000 or $40,000 instead of $50,000. There is nothing wrong with paying $50,000 or even more when the government and the economy can afford it; but in times like these, reduction in government salaries could provide the example the rest of the country needs. At the very least there should be no raises except for the very few hard-to-fill positions.

We've got to stop thinking we have a *right* to both the salary we're getting and an annual raise. We must instead ask what government and society can afford. Workers and executives in the private sector must ask the same thing—not what can I get, but what can we all afford? The alternative is that we will all become one giant Chrysler Corporation, where everyone is paid what he thinks he is entitled to while the country goes bankrupt.

Charles Peters

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

EUROPE ON $223 MILLION A DAY

by JOSEPH NOCERA

Wherever two or more foreign service officers are gathered together, there ye shall find the...

(continued)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

conversation turning, inevitably, to the subject of assignments. Assignments are more than the shop talk of the foreign service; they are its obsession. Who's been where, who's going where, where one wants to go next, the relative merits of say, Sierra Leone versus Mali — this is the sort of gossip foreign service officers can spend endless hours discussing among themselves.

Preoccupation with assignments has always been a central part of the foreign service. And for an obvious reason: frequent transfer from country to country is the predominant fact of foreign service life. Unlike most of the rest of the world's diplomatic corps, ours is expected to uproot itself every few years and move on to someplace new and different; as a result, a new assignment in the foreign service means more than just a promotion or a shift of offices or a few added responsibilities. It affects every facet of one's life, from the significant (Can your marriage survive two years in Kinshasa?) to the trivial (are the traffic jams in Lagos really as bad as they say? Will you have to bleach all your vegetables in Clorox?). There has built up around the subject of assignments a set of unwritten axioms that are passed by word-of-mouth from one generation of FSOs to the next. People in the business know, for instance, the African posts where one can make an extra 20 percent in "hardship pay" while living a life in which any actual hardships are, to put it kindly, difficult to discern. They also know how to read the tea leaves. Since recent "postings" (as they say in the trade) are supposed to offer clues as to whether someone is up or down in the foreign service, a large part of the gossip about assignments has to do with trying to piece together those clues.

In the culture of the foreign service, the subject of *European* assignments occupies a special niche. Who, after all, doesn't long to be sent sometime in his life to Paris or London or Rome or any of the other great cities of Western Europe? The lure is obvious—it's living, first of all, in The Developed World, which as any FSO knows, means toilets that flush, telephones that work, and hot and cold running water. There are large swatches of the globe where that isn't the case. There are also all the wonderful things to do that come with living in Europe—the great museums and cathedrals to visit; the sumptuous wines and foods to sample; the pleasant weekends spent in the countryside searching for (and invariably finding) the perfect little provincial *auberge*. If you're sent to Europe, in other words, you'll never have to worry about your marriage dissolving simply because you took the assignment.

But if the style of living Europe affords is the most apparent benefit of being assigned there, it isn't the only one. Conventional wisdom among FSOs has long held that jobs in our embassies in Europe are the good jobs—"fast track" jobs. Junior officers who are lucky enough to be assigned to a European post get noticed there, impress the right people, and if that happens, only good things flow thereafter—not the least of which is an unspoken guarantee of further assignments to Western Europe. And there, alas, lies the rub (though this is less true today than it used to be): to FSOs, it is pretty plain that some of their colleagues land those cherished European assignments a lot more frequently than others. In fact, there seemed to be a big clique of people within the State Department who went no place *but* Europe—and to the best European posts (Vienna, Paris, Madrid, London) at that. No Oostande for these folks.

How one became a member of this clique was vague indeed, but that such a group existed was an article of faith in the foreign service mythology. These State Department "Europhiles," FSOs would tell you (lowering their voices as they imparted this bit of wisdom), *"took care of their own."* The Europe desk had the most power within the department; attracted the brightest people; had a lock on the juiciest of the Washington assignments as well as the best overseas posts; were promoted faster; and generally did better in every way. Among non-Europhiles, particularly those who had been in the foreign service a long time, this overt favoritism provokes a good deal of bitterness and resentment. "If there are two people up for the same job in Europe," one such person once told me, "and one of them is part of the Europe crowd, he'll get the job every time, even if the other is the more qualified."

You don't need an advanced degree in psychology to see the envy in that statement, but there's a lot of truth in it too. As evidence, you could look at Arthur Hartman, our most recent ambassador to France, who in the course of a 32-year foreign service career spent exactly one two-year tour outside of either Washington or Europe. Hartman is no isolated example. If you

---

Joseph Nocera is a contributing editor of The Washington Monthly *who lives in Paris.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

were to examine the roster of the American foreign policy elite over the last 60 years or so, one of the things you would find most striking is how many of those men (they are almost always men) originally cut their teeth in Europe, and then for the rest of their careers felt most absorbed and intellectually challenged when working on issues having to do with Western Europe.

This was true, certainly, of the "founding fathers" of the modern foreign service—men like George Kennan, Chip Bohlen, and Loy Henderson—and others of that generation who would later become ranking members of the foreign policy establishment, like the Dulleses and Walter Lippmann. The formative years of their thinking about foreign policy occurred in the aftermath of World War I, when they were young and ambitious and post-war Europe was clearly the place to be. The succeeding generation of foreign policy makers would be similarly affected, for so many of its members spent the early part of their careers in post-war Europe too—only this time the war that had just ended was World War II. This generation included the Hartmans and Colbys and Kissingers and Joseph Krafts. Both generations would be imbued with the sense that whatever was happening in the various European capitals was of critical importance to America; and both generations helped establish and perpetuate the "Europe network" that dominated the State Department for so many years.

No doubt, being a member of this network had a wondrous effect on one's life. It meant getting a chance to live in places other people could only dream about, or visit for a few days as tourists. It meant holding down a series of ever-more-interesting jobs. It brought with it a feeling of being in the foreign policy big leagues, which is something the folks on the Chad desk never felt. But in the long run, what has been good for the lives and careers of the "Europhiles" has not necessarily been what is good for the country. An entire area of foreign policy—our European policy—has not been seriously examined or questioned since those first critical years after World War II. By this, of course, I don't suggest that there hasn't been discussion of "the problems of the Western Alliance" and so on; indeed, few foreign policy topics are more frequently discussed than those having to do with Europe. What I mean is that the underlying dogma upon which the U.S.-Europe relationship is based—a dogma that was devised some 35 years ago—has almost never been questioned since.

Western Europe is the great sacred cow of American foreign policy. We haggle endlessly over whether West Germany should up its contribution to Western defense spending by two percent instead of three, but we almost never stop to ask the larger question: When was the last time the foreign policy establishment took a fresh look at whether it still makes sense even to *have* a joint Western defense or a NATO umbrella? Or whether it was really in America's best interest to continue spending upwards of $81 billion a year to keep NATO in business? Or whether the strategic interests of West Germany and those of the United States are still virtually one and the same? In the world of foreign policy, these are all "givens"—accepted as truth by just

What has been good for the lives and careers of the "Europhiles" has not necessarily been good for the country... An entire area of foreign policy, European policy, has not been seriously examined since the first critical years of World War II....

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

about everyone. But they shoudn't be; the post-war world whence they came is now so far in the past that these beliefs are precisely the ones that need to be called into question. That isn't happening largely because the people who are in a position to question the dogma are the very ones so tied to it. These people include not only the diplomats who live and work in Europe, but the journalists who write from there, the military brass who operate from there, and even the congressmen who junket there.

Those Paris Knights

There were always two distinct reasons for wanting to go to Europe, though for someone in or around government they went pretty much hand in hand. The first was that Europe was the center of the universe—and had, it seemed, always been thus. In the history books we read, the great events of Europe, from the Hundred Years War to the Industrial Revolution to the rise and fall of Napoleon, were always at the center of the stage. From the 1920s to the 1950s (the period we're concerned with here), Europe still had an importance unmatched by any other area of the globe. During the 1930s, it didn't much matter to Americans what the political climate was in Chile or Afghanistan, but the political climate in Germany mattered a great deal. That is where the eyes of the world were riveted, and if you were an American interested in world events, Europe was where you longed to be.

The second reason was that Europe's allure just couldn't be matched by any place else in the world. Its glorious history, its tradition, its ambiance were undeniably romantic. For Americans especially, this allure was typified most of all by the city of Paris. *Moveable Feast* contains some of the schlockiest writing Ernest Hemingway ever produced, but he did succeed in evoking a Paris where, if you were young and carefree, with a little talent and preferably in love, the world was at your feet. Hemingway's book is full of stories of how when he was dead broke he would spend the afternoon in the Louvre to forget about not being able to afford lunch; or how he and his wife would celebrate with huge, delicious Parisian meals and bottles of French wine whenever he sold a short story somewhere; or how the two of them would while away the time by taking long, romantic walks along the banks of the Seine. Paris, Hemingway decided, was the best place in the world to be a writer, but the sense he leaves one with is that in the 1920s, it was the best place in the world for just about anyone.

That image of Paris hasn't changed much. Thirty years after Hemingway was there, the movie "An American in Paris" was released. A different medium perhaps, but the message was the same—and thousands of Americans who had never been there got their conception of Paris from watching that film. The Paris of "An American in Paris" is, like Hemingway's, an unrelievedly romantic and blissful city, where even pining for the woman of your dreams (in a cafe, of course, while drinking wine that's had plenty of time to breathe) can be fun.

One reason that stereotype of Paris sticks with us is that much of it is accurate. Paris *is* a captivating city, and you have to have a heart of stone not to be seduced by it. Most of the Americans I know in Paris (and I include myself) have felt that seduction, and have quickly fallen in love with the place. Because my wife is an FSO, many of the Americans we know are in government. They like it here, they are glad they were assigned here, and they only wish they could stay longer than their tours will allow. So do I. Many others like us, people in and around government, fall just as hard. Here, for example, is Theodore White in *In Search of History* waxing nostalgic about the Paris in which he lived and on which he reported after World War II:

"The panorama of Paris caresses, and thus seduces, the mood of every reporter who has ever worked there. A reporter who is not waylaid by Paris's beauty probably lacks the sensitivity to be assigned there—but I found that to live and report out of Paris was like trying to do business in a museum...As I walked or drove from round to round, I found I could not hurry. Here were the ruins of the baths built by the Romans, there was the cloister of St. Germain-des-Pres, there across the river, dominating all, was Notre Dame; then came the Louvre, the Madeleine, other numberless pockets of memories in stone, anthems in gray, celebrating past stories I had known only in books."

White remembers vividly covering the U.N.'s General Assembly session in 1948, which was held in Paris's Place du Trocadero. It was not the debates he recalls so much today. "The debates," he writes, "were dull, but when I shirked the indoor rhetoric I could sit on the broad stairs that creep down from the Trocadero to the banks of the Seine..."or look at the Eiffel

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Tower across the river, or visit trocadero's Musee de l'Homme. After a day of this, "I would then make my way home through the greatest outdoor museum of them all, the Place de la Concorde," White writes, "...I would saunter home to play with the children and wish I had worked harder, and had not been seduced by the distractions of the great museum of Paris."

And so it was with people in the government too. Aside from the quality of life one could lead there, there was always that first compelling reason the bright young stars of the State Department want to go to Europe. Europe was where the action was in foreign policy. In 1919, a generation of foreign-policy-makers-of-the-future got their first intoxicating whiff of Europe as the center of things when Woodrow Wilson rode through the Place de la Concorde to the cheers of thousands of Frenchmen. Wilson was there to negotiate the Treaty of Versailles. The American delegation he brought with him numbered some 1,300 people, all of them brimming with the anticipation that comes of knowing they were about to partake in a bit of history-making.

Present were many people like the Dulles brothers, both of whom had worked their good connections for all they were worth in order to get placed on the delegation. They instinctively knew anything they might be able to land in Paris would be far more exhilarating and fulfilling than just about any job they could possibly hold in the U.S., whether in or out of government. John Foster Dulles became an aide to Wilson, and did, in fact, help negotiate the treaty; Allen was put to work on a committee charged with redrawing the boundaries of Europe to reflect post-war realities. Heady work indeed for young men, and bound to affect them for the rest of their lives.

Which, of course, it did. The Paris Peace Conference, whatever else it was, was a great attitude-shaper for the powerful-men-of-the-future who were there. It instilled in them that sense that Europe was of central importance to the world. Thinking about the great problems confronting Europe was intellectually stimulating. Both of the Dulleses would spend the 1930s in a New York law firm, but they could not help being bored by that work. To alleviate the boredom, they were always dabbling in foreign affairs—which is to say, European affairs—and were continually being named to one committee or another representing American interests at an international conference in Paris or London.

More specifically, there were lessons to be learned at the Paris Peace Conference, and the Dulleses and the young men there did learn some of them. For instance: most of Wilson's underlings came out of the conference feeling strongly that he had botched the task. The American position at the beginning of the conference was that the Germans should not be too harshly punished by the victors, but the French and the British felt differently. They wanted revenge. In the bargaining sessions, it seemed that Wilson was little by little giving them what they wanted in order to save his precious League of Nations. This they saw as a crucial mistake, for by the time the Treaty of Versailles was signed, it had become, in the eyes of much of the American delegation (and others as well—like Lippmann and John Maynard Keynes) a thoroughly vindictive document. A generation later, these same young staff aides would be in power, and would remember what Wilson had done, and what had happened in Germany as a result. And as they began the process of once again rebuilding Europe after World War II, they would be keenly aware of the need to avoid making the same mistakes again.

This group at the peace conference represented the first generation of American policy-makers to fall fully under the seductive sway of Europe. This hadn't happened much in the past mostly because of America's isolationist tendencies; there simply weren't that many policy-makers who even *went* to Europe. Now, as Eleanor Dulles would write to a friend, "it will be difficult to keep me on the farm," after Paris. Hers was a feeling widely shared—and why not? Europe had indeed suffered greatly during the war, but it still could be sophisticated, so charming, so, well, *continental.* Many of the people in the delegation stayed at the Hotel Crillon in Paris, then and now one of Europe's finest, where they were waited on in the style of luxury that Europeans can be so good at providing. At negotiating luncheons, they ate the best French foods and drank the best French wines. This was a whole new world, one that was not easily given up. Here is Foster Dulles, for instance, thoroughly disgusted with the way the Treaty of Versailles is turning out and seeing his new acquaintance, Keynes, just as disgusted, suddenly quitting the British delegation and returning home. Dulles wonders whether he should do the same. No, he decides, he'll stick it out and fight his battles from the inside. After all he's having fun. He is enjoying the life—and so, it turns out, is his wife. "Janet Dulles was having a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ball in Paris," writes one of the Dulles biographers. "It was her first experience of being the wife of a delegate at an important international occasion, and she relished every moment of the luncheons, outings, banquets and ceremonials which the French government laid on for the Allied representatives. She certainly would have been reluctant to miss any single moment of it." So the Dulleses stayed.

But most Americans had already left—at least in the sense that the nation as a whole was returning to its traditional isolationism, to which it would remain faithful until World War II. Europe again became for most Americans what it had been in the era of Henry James—a place for the rich but of no significance for the average man. The alumni of the Paris Peace Conference felt differently. They continued to follow European events closely, learning not only the lessons of Versailles but also the lessons of Munich.

By the end of World War II the Europhiles had moved into positions where they could apply the lessons they had learned, this time backed by a public that supported involvement in Europe. The public's support was in part based on the public's personal involvement with Europe. While the American armed forces had been withdrawn from Europe immediately after World War I, after World War II millions of Americans stayed on for military duty. An expanding tourist industry sent millions more to the continent. The public's support was also based on a real need for us to be involved in post-war Europe, a need to help a devastated continent recover economically through the Marshall Plan and a need to stop the Russians using NATO.

NATO was based on a policy every American could support, and it (along with the Marshall Plan) showed this country at its best. That policy was that the Russians had to be stopped somewhere. What became clear after the war was that the Russians were using those first few years when everyone else was tired of fighting to attempt an empire grab of staggering proportion. It didn't take long to figure out that where the Russian army was occupying, it intended to stay. Russia seemed wholly unintimidated by the fact that America had the Bomb; it seemed instead fully intent on a policy of expansion at any cost. For Western Europe, these were very scary times. With the brutal Russian takeover in Czechoslovakia, with the rise of the communist parties all over Western Europe, people in those countries had to be wondering: Will we be next?

The Eyes of the Whites

It was at this point that the first generation of American foreign policy-makers applied some of those lessons they had learned after World War I. The first of these was that you couldn't roll over and play dead for a dictator with expansionist dreams. That's what Europe had done with Hitler; now Stalin was trying the same thing, and this time a line would have to be drawn. Since Western Europe right after the war was too weak to protect itself, and would have fallen to the Russians if left to its own devices, America would have to be the line-drawer—and the protector.

The second lesson was that if you were going to protect your war-time allies, you better protect your war-time enemies too. So, unlike the vengeance that was embodied in the Treaty of Versailles, this time there was never any doubt that we would offer West Germany the same defense umbrella we were offering France and England—and all the other forms of aid we were giving them too. Thus, when the Berlin blockade took place, we quickly responded with the Berlin airlift, effectively ruining the point of the blockade. And when the Russians again seemed to be knocking on West Germany's door, we made our show of force with the new NATO alliance.

A Europe where events of such magnitude were happening was a place where the best reporters had to go. So the Teddy Whites were there, along with all the foreign aid and military people. They were needed.

Did a time come when they were no longer needed, but stayed anyway, because they were still enjoying Europe?

I think that time did come. Teddy White may have sensed it as early as 1952, when he decided Europe was no longer the big story and left. The Marshall Plan ended that year, and it may be that our involvement in NATO should have ended not long thereafter. Europe was on the road to recovery, with an economy that in some respects would soon be outperforming our own. Why should we continue to pay for its defense? During the period from 1959 to 1965, when Charles de Gaulle was gradually withdrawing from NATO and talking about an independent Europe that would defend itself, we might have been wise to agree.

But instead there was widespread panic in our foreign policy establishment—panic that was, I suspect, motivated not a little by the fear of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

losing all those choice European assignments. Take the military, for example.

The military saw in NATO a chance to get in on the same kind of career and lifestyle benefits that their brethren in the foreign service had enjoyed for so long. There were military people all over Europe after World War II, and their lot in life would be considerably improved if they could figure out a way to stay in Europe. It sure beat Fort Dix. When NATO came down the pike, they saw their big chance. Bases would have to be established in cities and towns all over Italy and France, Germany and Belgium. There would be a new, sudden need for military liaison officers stationed hither and yon, and military outposts where up-and-coming colonels could "consult" and "study" with their Italian counterparts. This was a gold mine! Being in Europe would no doubt turn out to be a great ticket-punch (as had happened), while providing that same style of living that embassy staffers had grown so fond of. Indeed, in some cases, the military did the foreign service one better by establishing ports, as the Navy did, in towns like Villefranche—which may well be the most picturesque city on the Riviera.

Probably the officers involved in choosing Villefranche as a Navy port could list a half-dozen iron-clad strategic reasons for doing so. And if the Navy ships were lit up each night in the harbor, well that too was surely done for reasons of security—it was only *incidental* that the lit ships added immeasurably to the ambiance of the Villefranche scenery. Listen instead to Lippmann, who loathed NATO to his dying day: "The thing has got considerably confused and distorted by the military people who want to establish bases all over the place."

In a London Fog

In the 30 years since NATO was formed conditions in Europe have changed completely, but those culture-of-the-military incentives have stayed exactly the same. Military people still find that time spent at a NATO base is a great way to get your ticket punched. And if they don't have Villefranche anymore (the French kicked out the American military when it withdrew from NATO), there remain Verona and Naples, two cities that still beat Fort Dix.

Maybe NATO is an anachronism and maybe it isn't. Maybe we should stay in and maybe we should get out. But we'll never find out by asking people with that kind of incentive for keeping the thing in place. They will always couch their response in terms of "policy" and "security"—and no doubt they will believe every word of what they are saying, but in their hearts they will be remembering that they have a much better deal in Europe than they would anyplace else in the known world. Under the circumstances it is impossible for Europhiles to look at their own situation objectively. Living in Europe has warped their judgment.

The military is not alone in this, of course, it just happens to be the best-financed example. Something especially vital to American foreign relations must be going on here in Paris, because the embassy is staffed by 1,000 people. One thousand; there are entire federal agencies with smaller staffs. Speaking of federal agencies, many have found an excuse to open an office here. The Drug Enforcement Agency used to have 25 agents here (the movie "The French Connection" was the best thing that ever happened to them). Even the ambassador himself had to wonder about who those DEA agents were tracking, so he had the bulk of them assigned elsewhere.

The Commerce Department recently scored a major coup by wresting from State responsibility for "commercial functions" (promoting new trade) overseas. Commerce immediately opened offices in London, Paris, Rome, and the continent's other alluring cities, thus promoting trade with real estate agents and restaurateurs. Commerce did not open any offices in African countries, and says it has no intention of doing so, despite the fact that Africa is where the greatest potential for expanded commerce (especially in minerals) lies. Meanwhile, since one of State's responsibilities has been removed, do you suppose its European staffs have been pared? *Au contraire*. European FSOs in commercial functions have been told to keep on doing what they were always doing, just send copies of their memos to Commerce.

Congressmen, likewise, find Europe irresistible. Last year 75 of them made hard-hitting fact-finding trips to England, and 71 made trips to France. In contrast, only seven visited Saudi Arabia. To make sure their correspondents are where the action is newspapers have stationed their foreign-affairs heavyweights, like Flora Lewis and R.W. Apple and Len Downie, in Paris and London too. What kind of big news is there left to be written in Paris and London? Well, you can interview visiting congressmen.

You wonder about these questions, but where do you go for answers? to the State Department? Congress? *The New York Times?* The agencies?

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

That is the nub of the problem: you can't go to any of these places for straight answers because they are all in it together.

One thing I'd like an answer about is what some of these people do. A stellar example is a fellow I know in the Paris embassy, a bright young man who obviously has a shining future in the foreign service. He is assigned to the task of monitoring the French left. To what end? Why should anyone in America be concerned with the comings and goings of the French left? Thirty years ago, this was an important task in the embassy—there was much about French communism that was worrisome and even threatening. Today that is no longer the case, but you never hear anyone wondering out loud whether we wouldn't be better off just abolishing that position.

Living in Paris this past year, I've developed a good deal of empathy for Europhiles in the government. It *is* nice here; the life *does* border somewhere between idyllic and perfect. You can understand why nobody wants to let the cat out of the bag and admit that maybe—just maybe—they could better serve their country in Abu Dhabi. I've been as seduced by Paris as Teddy White was; White, to his ever-lasting credit, took the big step and got out. The reason he did so, he writes in his memoirs, was that he stepped back and saw that the big stories weren't there any more. Europe was becoming more and more "a reaction story," in his view; a place that no longer made news but only reacted to news made elsewhere.

Few others see it. Instead, old habits stay in place simply because they are old habits. You see *The Wall Street Journal* sending reporter David Ignatius to cover the Middle East—and assigning him to London as his home base. You see Knight-Ridder Newspapers deciding to open a dozen foreign bureaus—and starting with Paris and London, while its Mexico City and Tokyo bureaus are not even off the drawing boards yet. In the State Department, you hear of a man who has made it to the top, and is about to be assigned to an ambassadorship in Africa. There's just one hitch: his wife wants Europe, and refuses to go anywhere else. (She's been there, of course.) So the man stays in Washington in a meaningless job, hoping something in Europe opens up.

All foreign service officers aren't Europhiles. Beginning in the early 1960s an increasing number have taken an interest in other countries. Jimmy Carter supported this group. It was typically Carter to want to treat all governments with the kind of respect that our government had once reserved solely for the leaders of Western Europe. It was equally typical of him to be repulsed by the kind of condescension that often characterized American policy towards countries in Latin America, for example, in the bad old days when the Europhiles were in charge. Carter's efforts to change the way America did business with these countries (perhaps best characterized by the Panama Canal treaties) is one of the few consistent foreign policy strains that runs through the years of his presidency.

But Carter is out now, Reagan is in, and the man Reagan has chosen to be his Secretary of State is General Alexander Haig. Haig doesn't have much background in Third World affairs, Latin American affairs, Oriental affairs, or even our policy towards Canada. He sure knows Europe, though.

Haig's on personal terms with the leaders of Western Europe. He has a "good relationship" with Helmut Schmidt—not something Jimmy Carter could ever say—and that, we are told by awe-struck Reagan associates, is one of his key qualifications for the job.

"Those who think Haig's military background is somehow a disqualification should consult European leaders," wrote George Will, one of the top Europhile journalists, in support of the nomination. "Among them, Kissinger is the only American who enjoys as much support as does Haig. And Europe—revitalizing the alliance in the West, encouraging 'Polandization' in the East—must be the primary preoccupation of the Reagan Administration."

It's odd that a president who promised to talk tough and lay down the law around the globe should choose his secretary of state based on the fact that Helmut Schmidt gave his approval. But have no doubts that Europe will be the preoccupation of the Reagan administration. Haig has already said, in his confirmation hearings, that he will abandon Carter's manful effort to get the Western European powers to contribute a fair share to NATO funding. A three percent funding increase from a war-ravaged, rubble-strewn heap like West Germany? Out of the question! Now we know why Schmidt likes Haig. And we also know that over the next four years, policies desperately needing fresh scrutiny won't even begin to be rethought. We'll just pump more, more, more money and people into Western Europe, and while I don't know how the money will feel about it, I promise you the people won't object. ■

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Memo of the Month

JACK GOLDBERG
VICE PRESIDENT

L. J. ANDOLSEK
SECRETARY

MONROE W. WILLIAMSON
TREASURER

GEORGE
DIRECTOR
OPERATIONS

MICHAEL C. NAVE
PRESIDENT

NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES
1533 NEW HAMPSHIRE AVE., N.W., WASHINGTON, D.C. 20036 AREA CODE (202) 234-[illegible]

November 18, 1980

Honorable Ronald Reagan
Office of the President-Elect
Washington, D. C. 20270

Dear Governor Reagan:

I was deeply disturbed by a report in Sunday's WASHINGTON POST which stated that your economic advisors are now urging a reduction in current indexing formulas in Federal retirement programs. The reported statement by former Secretary Weinberger has caused a small uproar among recipients of Federal annuities.

In your campaign statement of October 3 to this Association, you flatly assured our membership that you "do not favor abandoning the present semi-annual indexing" of Federal retirement benefits. Federal retirees were very grateful for that statement, and responded by giving you 78 percent of their 1.5 million votes. According to a survey I plan to release in the near future, half of those retirees who supported you did so because of your pledge of October 3.

In light of this, I am sure you can understand our concern over Mr. Weinberger's reported comments. I know you are very busy during this period of transition, but I would appreciate a short statement confirming your position on this issue of such importance to so many.

In addition, I hope you will feel free to call upon me or members of our staff for input or assistance in developing your policies on Federal retirement issues. I feel that a constructive exchange of views before proposals are made inevitably produces better government.

With kindest regards and best wishes for the coming four years.

Sincerely,

Michael C. Nave
President

CC: Honorable Casper Weinberger
Mr. Max Hugel

Over Fifty Years – *Champion of Retired Federal Employees*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Will Reagan follow through? Will he sell out?
You can't tell the sellouts without a

REAGAN SCORECARD

The Washington Monthly's clip-and-save guide to the things a genuine conservative should do to reform government.

(Scorecard itself on page 30.)

by Robert M. Kaus

We supported Jimmy Carter in 1976 because, alone among the Democrats, he seemed to recognize that there were some "conservative" actions (like taking on a wasteful, entrenched federal bureaucracy) that a liberal government—or any government—would have to take if it were going to work. We suspect similar concerns motivated many people who voted for Ronald Reagan this time around, even though they didn't carry guns, pray in school, mourn the giveaway of the Panama Canal or feel a pressing need to return Medicare to the states.

Now that Reagan appears to be abandoning campaign pledges faster than you can say "trilateral internationalist conspiracy," we find ourselves in the unexpected position of hoping he won't suffer a complete loss of right-wing nerve. So we have taken the liberty of drawing up a little list of some of the worthwhile steps that a president of his advertised inclinations might be expected to take. We think this list also provides a fair measure of the new administration's success at achieving the traditional American conservative goals of freedom—defined as freedom from having the government act when it doesn't need to—fiscal prudence, and (at least since the Second World War) a secure defense. These goals do not exhaust what we think of as the proper aspirations of a president, but there is nothing insubstantial about them. Any attempt to achieve them can be counted on to produce what Reagan has called "political ramifications"—i.e., the intense opposition of particular interest groups, voting blocs, or government agencies.

The scorecard on page 30 will let you record the results as they are reported over the next four years. It's not encouraging that, as the starting gun sounds, Reagan has already spotted the interest groups a healthy lead.

I. Fiscal Conservatism in the Face of Groups Demanding Federal Handouts

O.K., so Reagan lied about balancing the budget by his third year in office. As a presidential challenger, that's almost his constitutional duty (along with calling for Cabinet government and a meaningful role for the vice-president). But even those Reagan voters who didn't buy his balanced-budget line presumably thought they were getting a tough fiscal conservative who would tell the various lobbyists, "entitled" constituents and agency "legislative affairs" officials who prowl the halls of Congress and the Executive Office Building that the days of getting fat off the federal government were over. In David Stockman, Reagan has, as head of the Office of Management and Budget, a man who has been preparing for several years to do just that. It could be fun to watch, although we are already seeing a disturbing amount of transitional hand-wringing from the more respectable Reagan advisers over the impossibility of cutting even $30 billion of this year's estimated $739 billion in federal expenditures.

In the faint hope of encouraging some unrespectable behavior, here is a representative selection of scams, boondoggles, loopholes, luxuries, and free lunches that should unbalance any budget-cutter:

Robert M. Kaus is a contributing editor of The Washington Monthly.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

1. Eliminate "Impact Aid"

A cute little $800 million federal subsidy for school districts "impacted" by the presence of large numbers of federal employees. The program made some sense 40 years ago, when the employees were likely to be military personnel shifted suddenly into a community to which they contributed no taxes. Today, communities receiving the aid are more likely to be "impacted" by salaried civil servants who own their own homes and pay property tax. In fact, impact aid flows disproportionately to many of the wealthiest school districts in the nation, particularly the prosperous bedroom suburbs around Washington, D.C. It is the prototype of a government grant program that survives without any defensible rationale, simply because enough people in enough Congressional districts are hooked on it.

2. Restore the Dignity of Yachtsmen and Private Pilots

Once upon a time private pilots had to pay for their own airports by coughing up landing fees each time they used them. Then the private pilots started getting in the way of passenger jets at commercial airports—even crashing into one or two—and their problems were solved. Now Congress wants to build new "reliever airports" for them, to lure them away from the big passenger terminals before they bump into any more 727s. Congress is so anxious, in fact, that it's willing to pay for the private pilots' airports—through a tax imposed on, you guessed it, the air-traveling *public*, in the form of a surcharge on the price of plane tickets.

A hallowed conservative business principle holds that whoever uses a service should pay for it. People who can afford to fly private airplanes are wealthy enough to pay for their own new airports. Subsidizing them only undermines their self-respect. Funding reliever airports by taxing their users would also save $275 million.

A second group of freeloaders are the users of our inland waterways—from commercial barges to New York dentists taking their yachts down to Florida. For a century, they managed to get the taxpayers to foot the whole bill for waterway construction and maintenance. In 1978, Congress imposed a tax on barge fuel, but only because *The Washington Post* unexpectedly chose to dramatize the waterway-charge issue in a 35-part series. The new fuel tax, however, pays just a fraction of the operating cost of the canals and locks, and none of the capital costs. Should the new administration decide to make the yachtsmen and barge operators travel full fare, it will find an ally in Senator Pete Domenici, who made a personal crusade out of the waterway fee, got 35 stories worth of glowing publicity, and now finds himself chairman of the Senate Budget Committee.

3. Tamper With the Social Security System

Mr. President, everybody knows the social security system is in trouble—even with a large increase in social security taxes this year, the Old Age and Survivors Trust Fund is scheduled to run dry by 1983. Your transition advisers have proposed a familiar variety of pragmatic measures to enable the fund to limp along a bit longer—eliminating cost-of-living increases, raising the retirement age, cutting back on student benefits, and the like. Meanwhile they grumble that the "insurance" principles of social security have become confused with the "welfare" programs also administered by the Department of Health and Human Services.

In fact, as you surely know, social security has always been a "welfare" program, in that the money paid into the fund is not salted away, insurance-style, to finance an individual's benefits later on. Instead, the taxes collected are immediately spent on current social security benefits, just like other taxes are spent on welfare mothers. The main non-welfare aspect of social security is that it is available as a matter of right to rich and poor alike.

The way to save the system from the ultimate bankruptcy that awaits it—as there come to be more and more older people demanding benefits and fewer younger people paying social security taxes—is to admit that it is simply another form of income maintenance, and to do what you so often have said you would do with our other welfare programs: make sure that only *needy* old people receive the benefits, that they aren't wasted on people who already have plenty to live on. If you applied this same reform to our other income maintenance programs—unemployment benefits, veterans' pensions, food stamps—and eliminated duplication between them, you would have taken the single biggest step you could take to put them on a sound financial footing while allowing generous payments to those who truly need them.

Obviously, these are not changes you can make by the end of FY 1982. There are literally tens of millions of middle-income Americans, for example, who are counting on their social security benefits, who feel they have earned them. Simple fairness (and even the tiniest peek at those forbidden "political ramifications")

LICENSED TO UNZ.ORG
REPRODUCTION PROHIBITED

says you cannot take their benefits away. But you can begin now to educate younger Americans, who have yet to bank heavily on Social Security, about the bleak future that awaits them unless some basic changes are made in the next few years. In many ways, you have a far better opportunity to do this than your predecessor. For one thing, you are a better talker. For another, this year the voters do not have to be told the social security system is getting costly—they see it in their paychecks, thanks to the recent tax increases. And they expect some bold action from you to set the government's finances right. Of course, you would have to carefully strip away the false "insurance" facade placed on the program by New Deal Democrats from FDR on—but why should conservative Republicans ever have been taken in by that?

4. Eliminate Non-Profit Postal Subsidies

It's hard to see how any conservative could resist this reform. He could save the government $789 million a year, while at the same time crippling left-liberal "public interest" organizations all the way from Common Cause to *Mother Jones*' front group, the Institute for National Progress. How? By eliminating the postal subsidy given to "non-profit" organizations, which currently allows them to conduct their mass mailings for memberships, subscriptions, and contributions at a bargain third class rate of 3.5¢ per letter, compared with the 8.4¢ everyone else must pay. The difference is made up by the taxpayers, through direct Congressional appropriation.

Of course the more, ah... *prosperous* non-profits, like *National Geographic* and the Smithsonian Institution, might not be amused. Nor would conservative bastions of self-reliance like the Heritage Foundation and the American Enterprise Institute, both of which make liberal use of this convenient bit of federal largesse. But no doubt Reagan could bring them around with a little straight talk about thrift and honest work.

For some further businesslike economizing, Reagan could antagonize *Time, Newsweek, The Wall Street Journal, Fortune, Forbes,* and *The New Republic,* by charging for the expedited "Red Tag" service these daily and weekly publications now enjoy for free. No one knows how much this service is worth—a conservative guess is $79 million. A final $4 million could be saved by alienating both the Democratic and Republican parties, who, in an unaccustomed show of bipartisan vigor, recently voted themselves subsidized postal rates also.

5. Let Synfuels Meet the "Market Test" (heh, heh...)

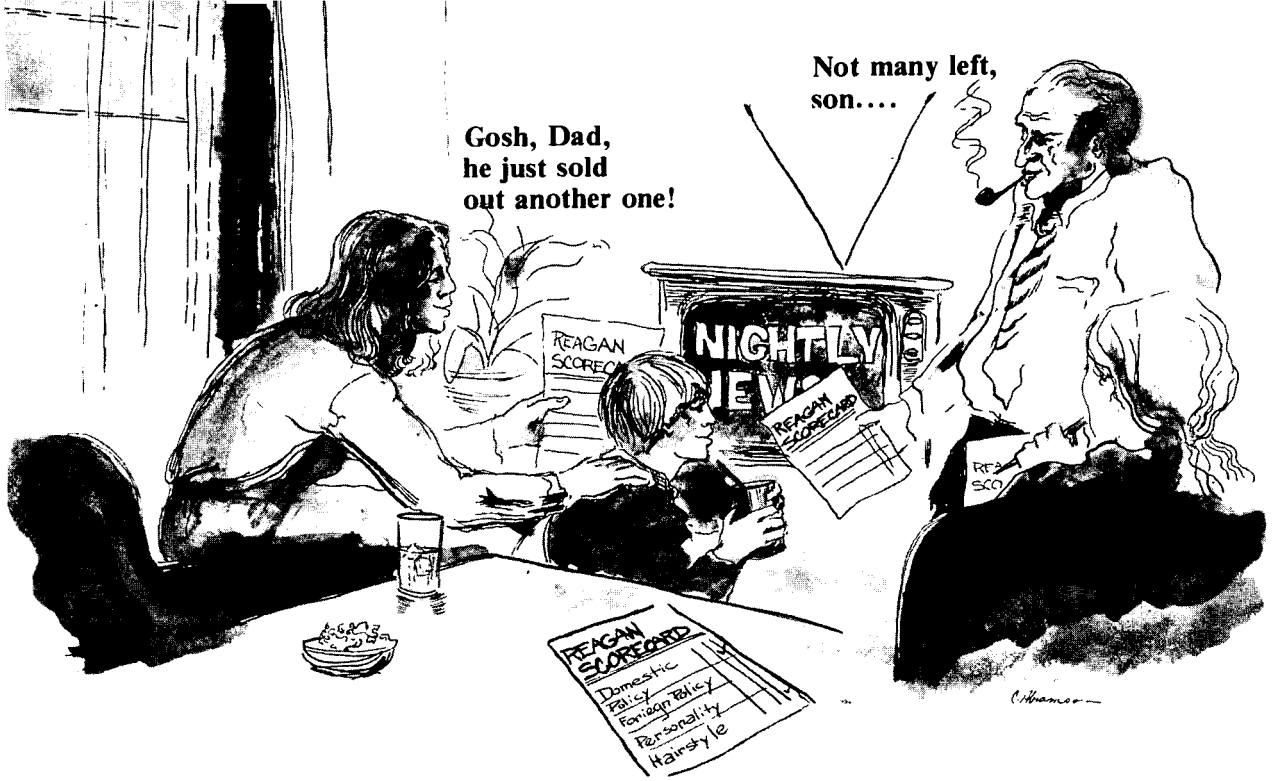
"Department Saved," read the headline in the January 7 *Washington Star. Whew*—that was a close one. It was getting perilously near inauguration day, without a signal that Reagan might "rethink" his oft-repeated promise to dismantle Jimmy Carter's infamous Department of Energy. But, with post-election clarity, several Reagan advisers were struck by the revelation that, while many energy regulations should be abolished, other DOE functions—like paying the oil companies to conduct the research and development projects they tell us they need their billions in profits to finance—were necessary after all.

Still, there is one Carter Administration boondoggle that is so costly that any Republican with a vestige of fiscal or free market principle would want to oppose it—namely the $88 billion synfuels program. As Thomas N. Bethell pointed out in this magazine last fall ("How to Keep the Energy Crisis Going," October, 1980), synfuel ventures have so far consistently failed in the marketplace for good reason: they produce, at an exorbitant price, something that nobody needs. Specifically, two thirds of synfuel plants will produce synthetic *natural gas,* at prices far above the cost of tapping the abundant supplies of ordinary natural gas. The $88 billion will produce only a trickle of *oil*—a substance that *is* in short supply—but this will come at tremendous environmental cost, and at far more expense than it would cost to save the equivalent amount of oil through conservation.

Of course, the $88 billion only pays for the construction of the synfuels plants. After that, the taxpayers will get to pay synfuel producers a subsidy for the fuel itself (without a subsidized price, you see, nobody would want to buy it...). About all the current synfuels program has going for it is typical bureaucratic momentum, and the support of a handful of businessmen—like the presidents of Exxon, Conoco, Texaco, American Natural Resources and the other oil companies and big utilities with heavy investments in both synfuels and the high energy prices the program will help guarantee.

This is not to say that relatively inexpensive government-funded research into cheaper ways of producing energy—be it from shale, coal, or

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED



crabgrass—shouldn't continue. It should. But the reasons why it should continue are the reasons why it must be kept out of the hands of the oil conglomerates and utility companies. They can't be trusted to develop alternative energy sources that would destroy the market for their current high-price offerings. Instead, they are likely to produce only grandiose schemes under which the taxpayers give them money to produce ever-more-expensive fuels, schemes that . . . well, that look like the synfuels program.

6. Crack Down on the Doctors

It is estimated that by 1990 11.5% of our Gross National Product will be spent on health care. Over half of that sum will be financed by the federal government, through programs like Medicare, Medicaid, and generous health coverage for federal employees of the sort that eliminates any incentive to worry about rising costs. A large percentage of these health care dollars will wind up in the pockets of good Republican doctors, whose lobby, the American Medical Association, was one of Reagan's sturdiest supporters in the fall campaign.

Nevertheless, the Reagan administration, if it is serious about limiting spending, will have to make some attempt to control soaring federal medical costs—currently around $60 billion a year. Over $2 billion in Medicare alone, according to a recent House committee investigation, represents outright fraud in the form of kickbacks, unnecessary services, and phony fees. But the biggest problem—in both federal and privately financed health care—is the general rise in costs, which "market forces" (with a little help from the AMA) have been singularly ineffective in preventing. At one point, for example, it was assumed that an increase in the number of doctors would spur competition and lead to a lowering of costs, the same way a glut of barbers might cause a plunge in the price of haircuts. Then it was discovered that, faced with declining numbers of patients per physician, doctors simply reacted by *raising* fees in order to maintain their accustomed standard of living.

We favor a national health service that sets doctors' salaries, services, and hospital rates as the only solution. We don't expect Reagan to advocate such a step—but it will be interesting to see what, if anything, he does do to crack down on all those good Republican doctors.

7. Pull out the Rug from under TARP

The Environmental Protection Agency's $11-billion TARP project, which is digging 13 miles of tunnels under Chicago to store sewer overflows, is the largest public works project ever undertaken. It is so expensive, and will do so little to improve the pollution problem it was supposed to solve (Chicago's rivers will still be unswimmable, unfishable, and unsmellable after TARP) that even environmentalists oppose it. TARP's chief boosters are the consultants and construction contractors who will be getting all that money. By completing only that part of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

TARP for which funds have already been spent, the administration can save from $6-$8 billion.

EPA plans another TARP in San Francisco, so Reagan should kill it before it spreads.

8. Slash the Off-Budget

Forget about the budget for a moment. What about the government expenditures and subsidies that, for reasons of varying merit, don't get listed on the tables that are so carefully dissected by the press this time each year? Many of the big-ticket items in this category are subsidy programs that rely on tax breaks—in effect, spending federal revenues by never collecting them. Last month, we reported on one such invisible subsidy, Industrial Development Bonds, under which cities finance their favorite private businesses through tax-free bonds, $7 billion of which were issued last year. The lost taxes from all such tax-exempt financing totaled $20 billion. If the government were really run like a no-nonsense business, that $20 billion loss would be treated just like $20 billion *spent*.

The other important group of hidden subsidies are the swarm of "off-budget" federal loan programs which, in part because of their low visibility, have been expanding rapidly in recent years. A representative example is the home loan guarantee program sponsored by the Farmers Home Administration, under which the government (e.g. you) volunteers to pick up the mortgages of selected homebuyers if they default—conveniently relieving the lending banks of the need to screen out bad credit risks. But since the government doesn't have to pay anything unless the loans go bad, the guarantee—unlike a direct loan from FmHA—never appears in the FmHA's annual budget. (FmHA, like other federal agencies, is also fond of hiding even its direct loans by selling them to the conveniently "off-budget" Federal Financing Bank.) By now, there are $44 billion in FmHA guarantees outstanding (the Chrysler bailout, for comparison, involves only $1.5 billion). A new FmHA loan category was recently opened for homebuyers of "above moderate income."

Not only will it cost real, on-budget dollars when the government has to make good under such guarantee programs, but, as budget director Stockman noted in his famous post-election "manifesto," they are "absorbing ever bigger shares of available credit market funds" that could be put to other uses.

Why shouldn't farmers and other FHA beneficiaries have to get regular mortgages to buy their houses, the same as everyone else? Now that he's in a position to demand an answer, let's see if Stockman asks the question.

II. Standing Up to Big Labor

Fighting corrupt or overbearing unions has been a noble Republican cause since at least the days of Robert Taft. You might expect Reagan to continue in this tradition—surely no less conservative candidate would have the chutzpah to nominate a contributor to the National Right to Work Committee as Labor Secretary.

But don't count on it. Here, for example, are five issues where the public interest and the interests of Big Labor seem to diverge but where, unless we are terrible interpreters of political symbolism, Reagan may be indisposed to taking fearless action:

9. Deregulate Trucking

For decades, true believers in free enterprise have pointed with horror at the American trucking industry. To start a trucking company, you needed more than a truck and a willingness to work—you needed a license from the Interstate Commerce Commission. Your application could be opposed by the entrenched firms who didn't want your competition, and who were often willing and able to drag out the administrative proceedings for years to prevent it. These same firms were organized into "rate bureaus"—legalized price-fixing schemes, operating under the ICC's aegis, that boosted trucking rates to monopolistic levels. Decisions as minute as which roads a truck could travel and what products it could carry were specified by the ICC as well. All in all, just the sort of wasteful scheme a principled conservative would want to junk, post haste.

Congress took the first step in this direction last year, but—thanks to the lobbying efforts of the American Trucking Association—its well-publicized deregulation bill left the ICC with the practical power to *un*deregulate, if it chooses. (For example, under the new law trucking firms, acting independently, can in theory raise or lower their rates by up to 10 percent. But the ICC could make it difficult for them by imposing procedural requirements, pushing them back into the clubby rate bureaus.)

Enter the International Brotherhood of Teamsters, the big loser in the slide to trucking competition. The Teamsters liked the old way of doing business, in no small part because it removed much of the incentive for trucking firms to hold down wage settlements. Why bother? Any increase in costs would be shared by

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

all their "competitors," and could simply be passed directly along to the public by an ICC sanctioned rate hike. Which is one reason why truckers' wages have risen considerably faster than wages in general over the past three years.

Also enter Michael Balzano, a labor consultant brought into the Reagan campaign last fall to improve Reagan's standing with organized labor. In May, Reagan had given a speech to a group of Ohio Teamsters attacking Carter's support for trucking deregulation as "ill-conceived and not in the best interests of the country." In early October, at Balzano's urging, Reagan got down to nuts and bolts. In a delicately phrased letter to the American Trucking Association, he promised to appoint people "experienced in business" to "those agencies which directly affect trucking transportation." The hint was not lost. Five days later, the Teamsters endorsed Reagan's candidacy.

Despite other Reagan connections with the trucking industry—his chief of staff was until recently on the board of one large trucking firm, his deputy chief of staff is a publicist for the nation's largest trucking association, and his campaign communications chief was also chief of the trucking industry's campaign against deregulation—the conventional wisdom holds that it is too late to prevent "market forces" from breaking up the old regulatory scheme. Others, familiar with the discretion left to the ICC by Congress, are less convinced. They were not reassured when, in the week after his election, Reagan chose to make one of his first formal appearances at Teamster headquarters, where he declared himself receptive to any suggestions the union might have on appointments.

10. Vigorously Prosecute Union Pension Scandals

Of course, overregulation of the trucking industry is not the only item on the Teamster policy agenda for the '80s. There is also the little matter of the government's investigation into the union's Central States Pension Fund. It seems misguided federal prosecutors have been troubled by the fund's apparent habit of making large loans to organized crime. Luckily, the Labor Department botched its original investigation by narrowing its scope, refusing to subpoena necessary documents, neglecting to keep track of the fund's current assets, and failing to monitor the selection of the fund's new trustees in 1977. Last April, Labor's investigation was revived, but with a new and inexperienced staff.

The Teamsters—including Jackie Presser, the ex-Central States trustee who surfaced as a "labor adviser" in the Reagan transition—would like to see this sort of government meddling halted, or at least carried out with no more than the Labor Department's customary vigor. Unless Reagan has a good deal more Bob Taft in him than he has shown, that should not be hard to arrange.

11. Sink Merchant Marine Subsidies

The Maritime Administration, which is part of the Department of Commerce, pours about half a billion dollars a year into subsidies for American shipbuilders and ship operators. It then requires that they carry American sailors—whose union contracts frequently call for 40-man crews where only 22 men are needed for safe operation—and pays for the extra operating costs. The program is defended on the tenuous grounds that only an American-built, American-manned, American-flag commercial fleet can protect us against the day when all the world's shipowners (most of whom, by this argument, would owe their undying allegiance to the government of Liberia) combine to boycott our ports and choke off our trade. In fact, the main protectees of this program are American shipbuilders and the U.S. maritime unions, which last year sought unsuccessfully to increase the federal subsidy without sacrificing their featherbedding rights. They can forget it under Reagan, correct? Well, not exactly. You see, the other big union that Michael Balzano successfully wooed for the Republican candidate was the National Maritime Union.

12. Repeal Davis-Bacon

The most sacred offering on the altar of Big Labor is a turkey. (See Gregg Easterbrook's article on page 40.) If a reactionary Republican president can't get rid of this, we really are in trouble.

13. Lower Minimum Wage for Teenagers

"Republicans are committed to the enactment of a youth differential in the minimum wage and other vitally needed incentives for the creation of jobs for our young." So reads the 1980 Republican platform. And the Republicans have a point. If you've ever been an employer, you know that, as a group, adolescents take more time and effort to work with than adults. If you are required to pay the adult minimum wage of $3.35 an hour to each teenager you hire, you are likely to decide it's not worth it.

In general, liberal economists have failed to answer the conservative charge that one of the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

main effects of the minimum wage laws is to eliminate low-paying jobs—the liberals' best response is usually that those jobs are so terrible they *should* be eliminated. Given the persistence of high teenage unemployment, particularly among minorities, there's good reason to question that liberal assumption, and give the idea of a lower teenage wage a try.

Republicans "committed" to this reform, however, will have to contend with recommendations, like the one contained in the "Stockman Manifesto," that it be deferred "because there is no point in antagonizing organized labor during this critical period."

III. Taming a Bloated, Inefficient Government

If Reagan is waffling on his promises to demolish the departments of Education and Energy, there are some other candidates he might look at. For starters, we suggest the Department of Housing and Urban Development, an agency with a long track record of disastrous, expensive programs, and the Small Business Administration, with its well-established reputation for general incompetence.

More important, however, was Reagan's more abstract promise to bring a sense of reality to a government that as he repeatedly told us, "has been living too well." Here are some concrete actions he can take:

14. This Time, Really Reform the Civil Service

The Republican candidate didn't talk much about "civil service reform" during the campaign, perhaps feeling that it was "Carter's issue." But the conventional wisdom, summed up by the *Washington Star's* civil service columnist Philip Shandler, is that in this area "Reagan will act a lot like Carter, only more so." Certainly more is needed. As we pointed out last month, Carter's legacy of change—Shandler equated it with Nixon's China opening—has been greatly exaggerated. It is now marginally less difficult to fire incompetent civil servants, which means that any manager who values his time and sanity will still probably not even attempt it. And the centerpiece of Carter's reform—the Senior Executive Service—is likely to serve mainly to boost top-level federal salaries. It does not, contrary to its advertisements, allow a president to fire mediocre managers or bring in much gung-ho talent from outside. (See Leonard Reed, "The Joy of SES," September 1980).

A Republican truly concerned with making the government responsive and efficient might try to completely eliminate the complex, time-consuming trial-type hearings afforded by law to all fired civil servants (to which Carter made only modest changes, like tinkering with the "standard of proof"). This would require some leadership, not only in challenging the civil service lobbies, but in challenging the Supreme Court, which, in a series of opinions understood only by law review editors, has implied that trial type hearings are nothing less than a civil servant's constitutional right.

To give SES some risks to go along with its well-publicized rewards, Reagan could ask for the power to actually dismiss SES members (now they can only be shipped back to their pre-SES jobs). More important, he could seek the ability to transfer executives involuntarily *between* agencies, thereby weakening the link in the bureaucrat's mind that equates his agency's survival (and budget) with his own. Above all, Reagan could lobby for a dramatic increase in the number of politically appointed slots in the government. There are now some 2.5 million full-time government workers, but the man we make such a fuss about every four years can only replace about 3,000 of them.

Before you get your hopes up, however, consider that Carter, after running on a platform of bureaucratic reform and putting his personal prestige on the line, was able to achieve only the tiniest of successes. Reagan can't expect to do much better without a similar effort—particularly now that the press, looking for an issue to anoint as Carter's big accomplishment, has convinced most of the public that the civil service has already been reformed. There are also over 13 million additional government workers at the state and local levels, who (with their families) cannot be expected to react warmly to further federal changes that might filter down to their level.

15. Retire Early Retirement

Military personnel can retire after 20 years of service as early as their late thirties. In fact, since they can collect their military pensions while pursuing a second, civilian career, it would be a financial blunder of the first order for them to stay on after 20 years even if they wanted to. This policy of early retirement made some sense when a soldier was likely to be a cavalryman exhausted by two decades of galloping around on horseback. But today, 93 percent of the military personnel who retire (after an average of 23 years of service) are in non-combat "support" roles.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Requiring that these non-combat personnel serve 30 years before quitting would save the government at least $3 billion annually.

Civilian government workers don't have as good a deal as the military, but it's still pretty cushy. They can retire, after 30 years of service, at age 55, with a pension based on their three best salary years. (Actually, 40 percent have been retiring even earlier than that, in large part because early retirement has been used as an expensive method for getting rid of workers who can't, for all practical purposes, be fired.) Except for a few groups of workers—like air traffic controllers—whose jobs are sufficiently arduous to require the incentive of early retirement, raising the federal retirement age to 65 (the standard prevailing in private industry) would be a sensible step. Even raising it to 62, according to a recent study, would save $4 billion a year.

16. Pop the COLAs

After he retires at age 55, the federal worker's pension is adjusted, not once, but twice each year to reflect the cost of living. This Cadillac of indexing schemes insures that every three point rise in the inflation rate means a federal budget increase of a half-billion dollars, at precisely the moment when the government needs to refrain from injecting large sums into the economy.

Don't look to Reagan to change this. In the competition to grovel for federal workers' votes, Reagan scored a coup of sorts in October when he issued a statement to the National Association of Retired Federal Employees pledging that "I do not favor abandoning the present semi-annual indexing." (The pledge was made on October 3, which must have been panic day at Reagan headquarters—it was on the same date that Reagan sent his appeasement letter to the American Trucking Association.)

When a newspaper report just after the election hinted that Reagan might nevertheless seek to adjust pensions to reflect less than the full inflation rate, the retiree's lobby reacted with characteristic selflessness and restraint. Firing off a letter to Reagan, NARFE president Michael Nave subtly pointed out that "Federal retirees were very grateful for [Reagan's October 3] statement and responded by giving you 78 percent of their 1.5 million votes." The willingness of Nave's "constituency" to consider the broader national interest was further evidenced in a survey he had conducted, showing Reagan that "half of those retirees who supported you did so because of your pledge of October 3."

A little over a month later, a headline in *Federal Times* told federal workers about the recommendations of Reagan's transition team: "Twice A Year COLA Safe."

17. End the "Comparability" Scam

The federal retirement scheme is so generous that pension costs make up almost half the government's total personnel budget. Yet these retirement benefits are ignored when it comes time to officially compare government salaries with those in the private sector in order to give federal workers their annual "comparability" raise. The Carter Administration unsuccessfully attempted to put comparability on a "total compensation" basis, with pensions included. Reagan has not disowned this attempt at "pay reform," at least as of this writing.

(Federal workers not only get annual "comparability" raises; most of them also get annual "in-grade" or "merit" increases as well. These increases are supposedly contingent on satisfactory performance, but they are in fact granted on a near-automatic basis. Why, when a government is going bankrupt, should its workers get *any* across-the-board raises, much less two of them a year? See "The Real Way to Save Cities," page 35.)

Of course the biggest flaw in the "comparability" system is the fact that it is based, not on an examination of what federal workers actually do, but on what their job descriptions *say* they do. These job descriptions are a specialized genre of literature closely related to surrealism in their gross exaggerations of the responsibilities and skills associated with a given federal job. Instead of trying to simply hold down the automatic increase in general pay levels, an administration truly bent on conserving the government's resources would look on federal salaries as an item that might be *cut* in the many instances where job descriptions—and hence salaries—have taken flight from the real world. But let's not expect too much.

IV. True Concern for National Defense

There is by now general agreement, among liberals as well as conservatives, that plenty is wrong with our armed forces—weapons that don't work, or that aren't kept working, an oversupply of officers and an undersupply of well-trained subordinates (the percentage of army officers is twice as high as at the end of World War II), a fractured command that may be relied upon to prove in the future that the Iranian rescue mission was no fluke.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

In this atmosphere, Reagan's biggest challenge as commander in chief will be to avoid being captured by his own "constituency": the civilian and military bureaucrats at the Pentagon, who supported his candidacy with well-timed leaks, the defense suppliers who supported it with cash. These people would like nothing better than a blind commitment to simply increase defense expenditures. That would certainly please the generals, who would be relieved from the unpleasant pressure to show the need for their pet weapons systems and redundant service bureaucracies. It would mean good times for the defense industry as well, as Pentagon contractors could happily start their costs overrunning by the requisite percentage. It would not buy us a better defense.

So the appointment of Caspar Weinberger as Defense Secretary, and Weinberger's subsequent refusal to commit himself to a fixed spending boost, is a hopeful sign. If Weinberger is serious about revitalizing our defenses, he might start by examining some of the ways the Pentagon wastes money on personnel, like its extravagant retirement scheme (described above, #14). Then he could begin redressing some of the disastrous military mistakes foisted on the American public during the Carter Administration. For instance:

18. Build More (Small) Submarines

Recent intelligence reports revealed that the Soviet Union has built a gargantuan missile-firing submarine, called Typhoon, which displaces 27,000 tons—more than any sub in the American missile fleet. This is good news for America's defense. It means that Russia's military bureaucracy may be as stupid as our military bureaucracy, which has embarked on a program to cram our entire underwater nuclear arsenal into 14 huge $2 billion behemoths called Tridents. The whole point of placing missiles underwater is to make them difficult to find, yet Trident will give the enemy bigger, noisier, and above all fewer targets to shoot at. With half the subs expected to be undergoing repairs at any given time, there will only be seven Tridents at sea. By comparison, there are 41 Polaris and Poseidon submarines today, with about 80% on patrol.

Instead of Trident, the Reagan administration could start a crash program to deploy our missiles in a swarm of small, inexpensive conventional submarines deployed near our coasts, so that the sheer number of missile-carrying subs would make our nuclear deterrent invulnerable to a Soviet first strike. We could buy almost 60 of these submarines, carrying more megatons, for the cost of the Tridents. If we wanted, missiles could even be placed on the decks of conventional ships, and launched from floating tubes thrown overboard, as was successfully demonstrated in the Navy's abandoned Hydra program.

Some conservative Senators are beginning to pay attention to the virtues of small submarines for the first time, as an indirect result of the Carter administration's scheme to deploy the new MX missile in a sprawling "shell game" formation in the deserts of Utah and Nevada. At least the conservative Senators from Utah and Nevada (Hatch, Garn, and Laxalt) seem willing to consider small submarines as an alternative to the Carter MX scheme, if not to the Trident. A sea-based alternative has also been suggested by such starry-eyed pacifists as former Defense Secretary Melvin Laird, and former chairpersons of the Joint Chiefs of Staff General Maxwell Taylor and Admiral Thomas Moorer. They may have been influenced by evidence that a small sub system would cost $10 billion less than a $40 billion land-based MX, and be ready years sooner.

Reagan himself has spoken derisively of Carter's "shell game" plan, and left his MX options open—although he has endorsed Trident. If he needs an incentive to further advance his thinking, he might consider that the Russians haven't been dumb enough to put *all* their underwater missiles into huge submarines. They only built one of them. That's about how many we should build.

19. Tanks for Nothing

Next, Weinberger and Reagan can strengthen our conventional forces by ending the Army's $12 billion program to purchase 700 XM-1 tanks. The XM-1 is too big to be carried safely in existing cargo planes, too complicated and too thirsty to operate reliably under battle conditions. By siphoning off money that could better be spent on a larger number of sophisticated but sturdier weapons, and on improved anti-tank devices, it will guarantee Russian battlefield superiority for years to come.

The XM-1 is manufactured by the Chrysler Corporation. When Chrysler goes bankrupt, Weinberger can hire Lee Iacocca to sell it to Iran and Iraq. That way they could continually launch offensives against each other—but, since all their tanks would immediately break down,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

bloodshed and damage to vital oil refineries would be limited.

20. Keep the Air Force in Business—Not Northrup

When the Air Force's McDonnell Douglas F-15 Eagle and the Navy's Grumman F-14 Tomcat fighters started flying in the early 1970s, military men were impressed, especially with the F-15. But the planes were thought too heavy and expensive to be produced in sufficient numbers. So two "lightweight, low-cost" fighters, the F-16 and the F-18, were commissioned.

The General Dynamics F-16 is now on the line and doing fine, but the F-18 is becoming the greatest aerial fiasco since the TFX. Early-model F-18s are overweight, slow (11 percent less acceleration than planned) and most of all they cost at least $27 million each—twice what was projected.

One reason is that F-18 planning carefully duplicated all the worst failings of the TFX project. TFX was the brainchild of Robert McNamara, designed to be a fighter and a bomber and a carrier plane all at once. Trying to meet all these goals, they came up with a plane that met none of them, the F-111. Carter Defense Secretary Harold Brown—like McNamara a management expert without one second of personal military field experience—set the same multi-service objective for the F-18. It would be an Air Force fighter, a Marines attack bomber, and a Navy multi-purpose carrier plane. Kind of like a vehicle that would be a sports car, a school bus, and the Staten Island ferry simultaneously.

Brown masterminded this plan even though the Air Force cautioned that if the F-18 worked it still wouldn't be as good as the F-15; the Navy said it would prefer more of the F-14 and its A-7; and the Marines said they didn't want the plane at all. Brown insisted the branches would benefit from "commonality"—apparently, the common inability to fight.

The F-18 has another distinguishing characteristic—it's built by *two* companies. McDonnell Douglas won the original contract. Northrup, its competitor, cried foul. Northrup had a point. It had assembled a prototype plane and actually flown it, thus exposing its design to criticism, whereas McDonnell Douglas had wisely only drawn up blueprints and made promises. But there was another, more powerful consideration. Northrup's aircraft division was running short on government contracts, while McDonnell Douglas was booked solid— a reflection, anyone who actually believes in free enterprise might suggest, of the extraordinary success of the company's F-15 and its predecessor, the F-4 Phantom. Free enterprise was not a subject high in the minds of the lobbyists and congressmen from Northrup districts who began to turn the screws, demanding that Northrup get a piece of the action, regardless of its qualifications. So using the wisdom of Solomon, the Pentagon split the contract. Basically, Northrup builds the middle of the plane, and McDonnell Douglas builds the rest. Congress probably would have gone along with having one company build the left side and the other build the right.

If Reagan wants to improve air defense, he'll kill the F-18, and swallow whatever development costs are sunk in it. He'll give the Navy the true carrier planes it needs (if it must have carriers); he'll give the Marines the vertical-takeoff AV-8 Harrier they need; and he'll buy a whole stack of extra F-15s for the Air Force. The F-15 is generally considered the best fighter in the world; it can also be used for long-range interception and attack bombing. Yet production of the plane, which costs $15 million a copy, is nearing an end, while the Pentagon readies the unwanted F-18 at $27 million. For the price of one F-18, we could have two F-15s—then we could give the plans for the F-18 to the Russians and hope *they* build it.

21. Send the Marines—not the RDF

The "Rapid Deployment Force" is carefully calculated to perpetuate all the worst aspects of the Iran rescue mission. It has a multiple command structure with the Army, Navy, Air Force and Marines all in charge of various functions, but no overall leadership. As the old coach says, having two quarterbacks is like having no quarterback. This time there's four.

Does America need a fast-reaction force that can invade by sea or air? Yes, that's why we've already got one—the Marines. RDF is designed to do exactly what the Marines are designed to do, so why create another service branch, when the Marines are already around, and already have their own anthem? You can make a good argument for expanding the Marines, and buying them important new equipment like light tanks and the AV-8 Harrier (not the pointless F-18). That's where the $35 billion for RDF should go—to an improved Marines, not yet another layer of liaison, logistics, and jealous generals more interested in fighting each other than the Russians.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

CLIP AND SAVE

CLIP AND SAVE

The Washington Monthly

OFFICIAL

REAGAN SCORECARD

Worthwhile conservative reform (number corresponds to article)	Over the dead body of. . . .	bargained away during 1980 campaign	ruled out during transition	abandoned during first 100 days	blocked by Congress	dropped due to "changed conditions" or "classified information"	enjoined by federal court	stalled in independent regulatory commission	jettisoned at sober mid-term reassessment	redefined so administration can claim it's been done	bargained away during 1984 campaign	somehow never mentioned	other (specify)
1. Eliminate impact aid	School officials in 400 congressional districts												
2. Make users pay for government – sponsored waterways and airports	Barge industry; "sports boatsmen;" private airplane owners												
3. Eliminate Social Security for those who don't need it	Middle and upper classes												
4. Eliminate postal subsidies	*Mother Jones*, American Enterprise Institute, *New Republic*, *Wall Street Journal*, Democratic and Republican parties, etc.												
5. Cancel the synfuels program	Exxon, OPEC, *et. al.*												
6. Crack down on Medicare/ Medicaid costs	Crooked, greedy doctors and hospitals; honest, greedy doctors and hospitals												
7. Kill TARP	Army Corps of Engineers; sewer contractors												
8. End FmHA loan guarantees	"Above moderate income" farmers; other FmHA loan recipients												
9. End trucking regulation	Trucking industry; Teamsters	●											
10. Root out union pension fund scandals	Teamsters; Las Vegas Chamber of Commerce	?											
11. Eliminate merchant marine subsidies	Maritime Unions; shipbuilding industry	?											
12. Repeal Davis-Bacon Act	Big Labor (esp. construction unions)	●											
13. Lower teenage minimum wage	Big Labor												
14. This time, *really* reform the civil service	18 million federal, state, and local government employees; their families; assorted												

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

15. End early retirement for most federal workers	4.5 million federal civilian and military workers and their families												
16. End twice-a-year COLAs for federal retirees	See Memo of the Month, page 19	●											
17. Deflate federal job descriptions; end automatic annual pay raises	All federal, state, and local "planning analysts." "social priorities specialists," and "vertical vehicle controllers"												
18. Build small submarine fleet	U.S. Air Force, assorted admirals, and the U.S.S.R.												
19. Cancel XM-1 tank	U.S. Army, Chrysler Corporation, Russian Army												
20. Make the Marines the RDF	Army, Navy, Air Force												
21. Cancel the F-18	Northrup; assorted MacNamara types												
22. Stop subsidizing our "allies"	Britain and all the countries we thought we beat in World War II		●										
23. Stop the Bumpers Bill	Washington, D.C. Bar												
24. Abolish "independent" agencies	same as above												
25. End bank regulation	Banks												
26. Remove tax incentives for speculation in in existing stocks, homes, and other assets	Wall Street; real estate industry; most of middle class; all of upper class												
27. Drive down oil price by rapid exploitation of natural gas supplies	Energy conglomerates; utility companies; OPEC												

Miscellaneous Milestones of the Reagan Presidency (fill in the blanks)

1. Name of first new agency created: _____
2. Name of first Reagan cabinet appointee to resign under cloud of suspicion: _____
3. First cabinet appointee to resign for reasons of principle (you may skip to next entry).
4. Code name of first botched military operation: _____
5. Date ground broken for new White House staff office building: _____
6. Name of first "moderately repressive" Third World tyrant embraced by Reagan in public: _____
7. Lifespan of first "moderately repressive" Third World tyrant embraced by Reagan in public: _____
8. Date James Schlesinger appointed to cabinet: _____
9. Date "cabinet government" abandoned: _____

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

22. Stand Up to Our Allies

Taft warned us about NATO in 1951. He was right. Thirty years later, Western Europe has long since been rebuilt, but we are still spending at least one third of our defense budget, some $81 billion annually, to defend it against Communist attack. (The cost of troops and equipment physically stationed in Europe, and the supporting fleet, is $57 billion. When you include the cost of troops and equipment stationed in the U.S. but designated as NATO reinforcements, the cost swells to $81 billion.) If Reagan wants to beef up our own defenses without breaking his budget, he would do well to get tough with our military allies first.

Why should we pay to protect Europe—or Japan—while they devote their resources to besting us in trade? Let them defend themselves, or at least pay us to do it for them. Of course, to accomplish this Reagan would also have to get tough with the Pentagon, which would seek to preserve the budget, career, and vacation opportunities afforded by a European garrison (see Joseph Nocera's article on page 10 of this issue) and with U.S. arms manufacturers, who know that American dollars are likely to be spent on American-made weapons.

All this apparently adds up to a confrontation that is too much for the Reagan Administration to stomach. At his confirmation hearings, Alexander Haig demonstrated his toughness (and gave a clue as to why he was such a hit with European leaders as NATO commander) by all-but-ruling-out any U.S. efforts to get the Europeans to increase their financial support of their own defense.

VI. Eliminating Unnecessary Regulations and Unaccountable Regulators

Reading through the writings of Reagan's deregulatory brain trust—no light task—three things strike you. The first is the important core of truth in what they are saying. Yes, Virginia, there is a "new class" of professionals who see their future in the continuation and expansion of Democratic regulatory activities—and yes, they are often less sensitive to the costs their enthusiastic efforts impose on the nation's businesses (although the latter have not exactly been helpless to stop them).

The second thing that strikes you is a certain accountant's mean-spiritedness. Most of the American Enterprise Institute types will concede the need for some federal rules on, say, pollution. But if they spent one tenth of the time lamenting our failure to get the regulations we need, when we need them, that they spend toting up the "hidden economic costs" of every effort to get them, they would be a lot more convincing. (It would be nice to see Murray Weidenbaum, for example, write an article on how the coal industry has successfully stalled for 11 years any attempt to introduce life-saving Auer breathing devices into the nation's mines, or how the chemical industry's unwillingness to furnish the EPA with information has prevented needed regulation of toxic chemicals from occurring in a timely and inexpensive manner.)

The third thing is how much they resemble those they attack. Do the conservative authors of the Republican platform, for example, really think that mandatory cost-benefit analyses will bring on an era of sensible, efficient regulation, instead of simply providing another forum for endless statistical debates (by experts like themselves, of course) in the agencies and the courts? Often the nostrums of the neo-conservatives ape the very liberal excesses they rightly criticize—where else would they have gotten the idea that regulators should be forced to conduct an economic "impact analysis" before proceeding?

The primary problem with our system of regulation is not that regulators do not have enough information (although that is no doubt true) or that they do not jump through the proper analytic hoops, but that they are irresponsible, in the very real sense that they are *not* responsible to anyone but themselves and the equally unaccountable judges who end up second-guessing their decisions. Ultimately, we believe this unaccountability calls for a constitutional solution (See "Power to the People Making the Constitution Work Again," October, 1979). But there are some steps that could be taken right now:

23. Stop the Bumpers Bill

The most cynical and wrong-headed gesture at "regulatory reform" is a bill, sponsored by Democratic Senator Dale Bumpers, to eliminate the present "presumption of validity" that federal regulations theoretically enjoy when they are challenged in court. This sounds like a serious attempt to clamp down on the regulators. The catch, of course, is that Bumpers would have the clamping done by the courts, which have already assumed an absurdly large role in approving and disapproving regulations, to the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

exclusion of elected officials whom the public might hold responsible. Bumpers' approach would usher in a golden age of lawyering, in which the endless pseudo-deliberations that the agencies must already go through are repeated by three layers of federal judges. But it is a handy way for Congressmen to pass the regulatory buck to the judiciary—which may explain why the Bumpers bill had overwhelming support in the last session of Congress.

This time, perhaps, conservatives will realize that liberal "public interest" lawyers are just as adept at using lawsuits to demand stronger regulations as Covington & Burling is at suing to block them. If they do, the blow to the Washington, D.C. bar would be severe.

24. Eliminate Agency Independence

A president truly concerned about unnecessary regulations would want a system where he could stop them by simply ordering his subordinates to do so. He does not have this power now. Dozens of our most important regulatory agencies—like the ICC, FTC, FCC, NRC, and the Federal Reserve Board—are "independent," meaning that the President (or the Congress, for that matter) can't fire any of the agency heads once they have been appointed. Other agencies—like the EPA—have been designated "independent agencies within the executive branch," which means that if the president dares to tell them what to do, he will be sued for "political interference" in his own administration. As a result, these regulators go their way, paying varying degrees of inattention to the occupant of the White House, as Reagan may soon discover.

The catch, of course, is that if a president clearly had the power to directly control the ICC, then he would be clearly accountable if he, say, sold the agency to the Teamsters—and the next president could swiftly undo his work. Agency "independence" is another decorous gauze curtain that prevents politicians from being perceived as responsible for the actions of their governments. Which is why it should, but probably won't, be ended.

25. Make Banks Compete

Here's a prototypical example of unnecessary, oppressive regulation that for some reason is often overlooked by conservatives. It involves the nation's bankers, who are protected by a New Deal scheme designed to prevent banks from going under, but that now operates to protect them from the rigors of too much capitalism. (The ease with which the pillars of free enterprise used the regulations to squelch a recent credit card innovation by Citibank was a case in point.) Among the federally-enforced rules calculated to insure the bankers an easy living are the regulations (scheduled to be relaxed over a stately six-year period) that generously allow small savers up to 5.5 percent interest in times of 10- to 20-percent inflation.

Since the fear of bank failure has been largely removed by the institution of federal deposit insurance, why not immediately make the banks compete for their customers' dollars by offering whatever interest rates they think they can produce? This would not only be the deregulatory thing to do, but it would meet two other more traditional Republican concerns: fair treatment for the thrifty, industrious citizen, and greater incentives for saving.

VI. Stimulating Investment, Productivity, and Growth

Conservatives are right to be concerned with things like boosting savings, investment, and economic growth. The question is whether they will distinguish between sensible measures to encourage the new investment projects we need, and measures that indiscriminately give fiscal breaks to corporations and rich investors on the ground that they are the fount whence all blessings flow. The accelerated depreciation urged by the business community, for example, would give a hefty tax advantage to businesses that bought new equipment—and also to doctors speculating in real estate tax shelters. The perpetual decrease in the capital gains tax that Wall Street lobbyists like William Simon slaver after might encourage many people to invest; it might also encourage many of them to sell their stocks and use the extra money to buy yachts. We need rules that distinguish between these two reactions—that reward the risk taker who puts capital into a new factory and penalize the high-bracket tax-avoider who buys one of the inherently unproductive "commodity straddles" that Treasury Secretary Donald Regan peddled on Wall Street until two months ago.

26. Tax incentives that Penalize Speculation

For example, the Right is fond of railing against the "double taxation" of corporate income—the fact that corporate profits are taxed first under the corporate income tax, and then a second time as individual income when the profits are later paid out as dividends to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

shareholders. So why not eliminate the corporate tax, but tax all corporate profits immediately as simple income to shareholders—*unless* the corporation reinvests its profits in new production, equipment, or research and development. That would take away the tax incentives for corporations to retain their earnings to gobble up existing smaller firms (fulfilling a pledge in the Republican platform), while at the same time giving them a powerful incentive to start new ones.

The same principle could be applied to Wall Street's favorite tax loophole, the capital gains break, under which profits on stocks held for over six months are taxed at only half of the regular income tax rate. The capital gains tax used to be higher, but two years ago Wall Street economists told Congress that cutting the capital gains tax would produce a flood of new, productive investments. It didn't—as the return of the same economists, this time pleading for other across-the-board cuts, attests. Instead, why not eliminate the capital gains break (which, budget balancers might note, costs the Treasury $27 billion each year)—*except* for investments in new assets. Or allow shareholders to defer their income tax if they immediately reinvest their money in a new venture. (The "supply-siders" in the Reagan camp have advocated a scheme similar to this latter proposal, but again without the distinction between investment in new assets and speculation in old ones.)

A third application of this principle would dramatically alter the housing market, which over the last decade has managed to drain off a staggering amount of capital, and an even more staggering amount of entrepreneurial energy, without apparently providing the new housing needed to solve a critical shortage. A large part of the problem is the hallowed home mortgage interest deduction —a $24 billion un-budgeted subsidy that encourges those taxpayers who have enough money to afford a house (and to care about deductions) to speculate in real estate—which in turn drives housing prices up, which adds to inflation, encouraging still more real estate speculation as a hedge against rising prices.

One solution—advanced briefly by Jimmy Carter in the 1976 primaries before being buried under an avalanche of bipartisan abuse, and recently revived in a *Washington Post* article by Robert Samuelson—is to simply end the deduction. But again, wouldn't it make more sense to retain at least part of the deduction for those who invest in the new homes we need to build if we're going to have enough housing to go around? Needless to say, Reagan seems no more likely to venture either of these proposals than he is to appoint Barry Goldwater Commissioner of Social Security.

27. End the Energy Crisis

The worst thing that has happened to our economy over the past decade has been the rise of OPEC. Why haven't we done something to counter it? Reagan blames regulation and price controls, which are supposedly preventing private businessmen from uncorking the requisite amounts of oil and natural gas. He is half right. While we have seen no persuasive evidence of vast untapped reserves of oil lying around the U.S., there is evidence of tremendous supplies of natural gas. (See Easterbrook, "How to End the Energy Crisis," October 1980.) Of course, no one would be less pleased were this gas allowed to flood the energy market and drive down the price of oil than the big oil companies (except, perhaps, their OPEC accomplices). Still, the means to bring this about are within Reagan's grasp:

They are, first, immediate decontrol of natural gas prices paid to producers, in order to bring the new supplies into production now, instead of 1985, when gas price lids are currently scheduled to be completely lifted. Natural gas prices could be expected to rise initially, then fall as new fields were tapped. Second, Reagan could seek repeal of the provisions of the Fuel Uses Act that forbid construction of new natural gas boilers and that actually order present industrial gas users to stop by the end of the decade. Both these steps are supposedly being bandied about seriously at Reagan's "working Cabinet" sessions.

But to make conversion to natural gas proceed at a pace fast enough to worry Sheik Yamani, Reagan may have to be a bit more bold and seek to ban the "fuel adjustment clauses" that currently allow utilities to pass on increases in the cost of fuel to customers without the normal messy rate commission proceedings and attendant bad publicity. Utilities, of course, like the adjustment clause just fine, for obvious reasons—they don't have to worry whether they are buying oil at $32 a barrel, or $100 a barrel, or natural gas at the equivalent of $15 a barrel. Which is why, if they are to have an incentive to replace scarce blackmail-priced oil with cheaper natural gas, theirs is another convenient little arrangement we must end. ■

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE REAL WAY TO SAVE OUR CITIES

It's time city workers got the pay cut they so richly deserve.

by Alex Heard

This magazine keeps a list of newspaper headlines you can expect to see any day of any year. We now add:

MAYOR ANNOUNCES SERVICE CUTBACKS

FISCAL WOES SAID CAUSE

You can fill in the service of your choice—transportation, schools, sanitation, vehicle control, just name it. What follows the headline is a story explaining that once again we are faced with a choice between less service and higher taxes.

This standard headline is inaccurate, though. In most cases it should read:

MAYOR CAVES IN TO CITY WORKERS AGAIN

RAISES SPELL SERVICE CUTBACKS

The main reason for government service cutbacks is usually the need to free money for raises. But instead of raising taxes or cutting services, why not cut salaries? That's heresy, of course, for aren't city workers grossly underpaid? No, they're not. By and large they were until the early 1960s. Since then the growing power of public employee unions and the generous example set by pay practices of the federal government (which state and local governments tend to imitate) have changed that. Today most city employees are well-paid, and many are over-paid. Yet the pattern of annual raises for them, set during the 1960s when low-pay problems were being rectified, continues. It's fair to ask: Do you *have* to either accept more potholes or pay higher taxes?

As it works now, you do both. In the municipal spending game the scenario has the worst of all possible endings: you pay more for less as salaries go up and services are cut. New York City, for example, spent $83 million on a sanitation system of 13,449 employees in 1954. Today it spends $299 million for 11,766—1,683 fewer. Since 1976 the number of street cleaners has dropped from 2,700 to 500. Not surprising then, that by the city's own estimation the streets are 13 percent dirtier than they were in 1976. People familiar with New York might suggest the decline has been considerably more drastic, but then repulsive is in the eye of the beholder.

Alex Heard is on the staff of The Washington Monthly.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Boston's transportation system, the MBTA, is another example of declining service, rising costs, and unwarranted raises. Even though bus routes have been pared and fares increased, for the last two years the MBTA has run out of money in December. Two years ago it threatened to shut down if the state legislature didn't appropriate emergency funds. Last December it did shut down, illustrating to the public what would happen if it didn't come across, which it did, to the tune of $41 million.

As a quaint gesture of thanks, the MBTA announced immediate service reductions on 32 of 177 bus routes and three of ten subway lines. The system already spends nearly 70 percent of its $302 million budget on salaries. Capital acquisition of new cars and track repair is postponed every year, although it can't be postponed indefinitely. Some carmen make $50,000 a year for sitting in a heated cab and pressing a pedal. Now guess what happened to the $41 million: 75 percent of it went to salary increases.

During the entire legislative debate over MBTA, the possibilities of not granting raises or cutting salaries were never mentioned. Because a system like transit can't be shut down, workers have a stranglehold on the public when they demand raises. The sad thing is that politicians go right along, acting as if the public were to blame for not giving transit workers still more, instead of reminding workers they're lucky to have high-paying, undemanding jobs in the first place.

In Washington, pay raises for city employees have been, since the early 1960s until last year, truly automatic—that is, the law required them (as it still does for federal employees). Yet both the quantity and quality of District city services are declining. You can find a declining city service by opening the phone book to "District of Columbia," closing your eyes, and letting your finger land where it may.

The District's streets are so bad it is estimated they need ten times what is now spent annually to get them back in shape. Metro subway and bus fares have increased twice in a single year. The D.C. school system, one of the worst in the country, spent 87 percent of its 1980 budget on salaries. Its teachers are already paid well above the national average. The current average teacher salary is $22,868. And what are the teachers doing? Demanding raises. If their union gets the raise it is demanding, 900 of the system's 6,600 teachers will have to be laid off, raising the student-teacher ratio from 28:1 to 40:1.

One reason for this descending spiral of layoffs, service cuts and raises is a favorite union approach to negotiations. Unions faced with the choice between laying off ten percent and giving the rest a raise, or keeping everybody working with no raise, usually choose the former. The 90 percent with seniority vote for the raise, are delighted when it arrives, and re-elect union leadership in gratitude. The ten percent at the bottom who vote against the raise—well, they're gone. Who cares about them? What happens if this process repeats itself ten years running is never mentioned.

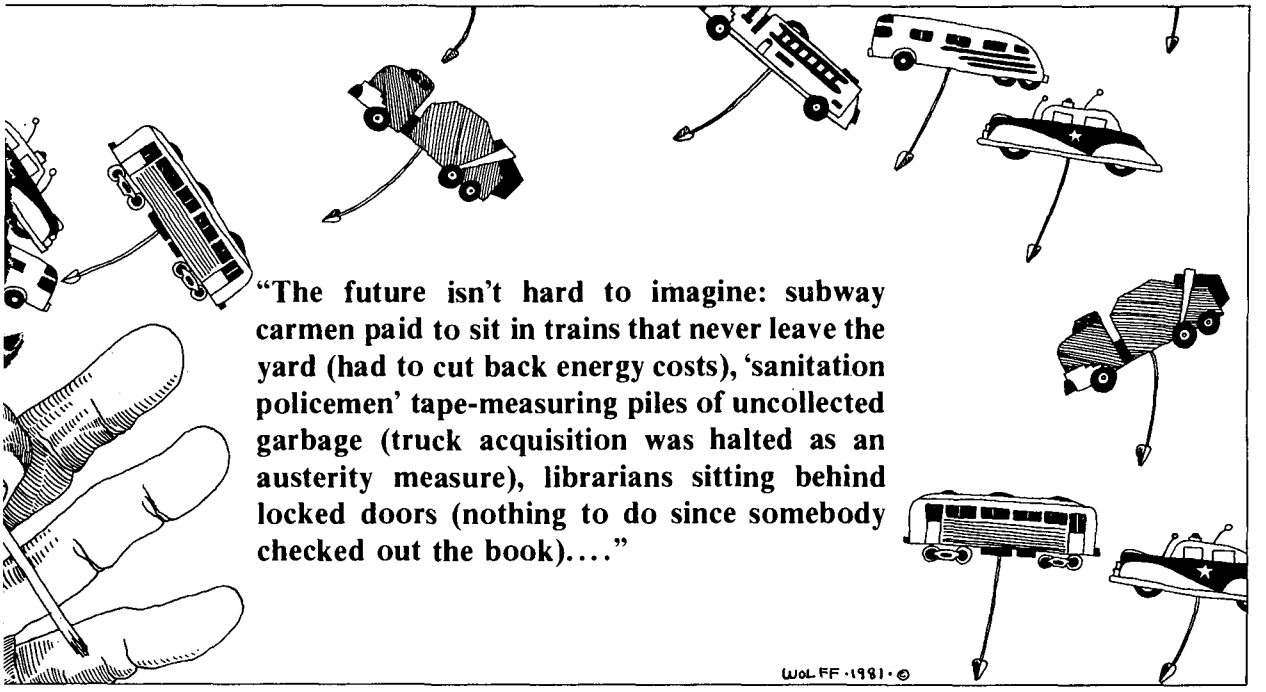
Marion, Madam Librarian

Adding to the general gloom of last summer's D.C. service cutbacks, Mayor Marion Barry announced one that got a lot of publicity. He cut the city's library system budget by $2.8 million.

What happened next is illustrative of the way in which the public and the press are conned into feeling guilty about paying more for less each year, when in truth they should be gathering hayforks and torches.

The first thing a bureaucrat does when his budget is cut is announce changes that will cause direct discomfort to taxpayers, which Library

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED



ART BY ROLAND WOLFF

Director Hardy Franklin quickly did. He said he would close six of the system's 20 branches, lay off 140 of his 410 employees, cut book acquisitions in half, decrease the operating days of the remaining branches from five to three per week, and open the downtown Martin Luther King Memorial Library, the main library, only two nights per week, instead of five.

Local editorial writers were outraged. *"Raise* the D.C. Library Budget," headlined a *Washington Star* editorial. It noted, "Public libraries are an incomparable social resource, our 'true universities' in Thomas Carlyle's reckoning."

"I am remembering libraries," Dorothy Gilliam wrote in *The Washington Post.* "Barely noticing the hard wooden seat beneath me, I am transported: To an English country manor with Jane Eyre." The order was given to roll in the heavy lumber: stuff about libraries being the well from which young pitchers are filled, about the lonely old people with nowhere else to congregate. And then, just before we heard from Dr. Johnson and de Tocqueville, just as posters were being printed showing a fat hand snatching a copy of *Gulliver's Travels* from a mewling kid, the mayor "realigned his values." Suddenly there was $1.5 million to put back in the library budget. "He gave us the chance to explain," said Larry Molumby, the library's assistant director, "that and the people's reaction helped."

But $2.8 million minus $1.5 million still equaled a budget cutback. Now no branches need be closed, though hours will still be reduced in most of them. There will be fewer employees because most of the 43 who retired last year (there is no such thing as a city worker quitting) won't be replaced. In sum, the branches will have one-half as many staff members as they had six years ago. And some of the branches will be closed periodically because "From time to time, nobody is there." (All been transported to an English country manor, no doubt.) There won't be as much to spend on library staples... like books. Subscriptions to 50 magazines throughout the system have also been dropped.

So a year that might have marked a disastrous decline in library services has been salvaged into a year with only a *normal* deterioration.

The Fewer, the Better

Library services have, like other D.C. services, declined steadily through the 1970s. In 1970 the system had 555 employees; now it has 384. In 1970, branches were open 72 hours a week; now only the main library is open that much. Hours in the regional branches have dropped to 48, and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in the local branches to 40—meaning the libraries are open mostly when kids are in school and cannot use them. In 1970 there were 12 people staffing each branch, now there are only six, a figure administrators say is as low as it can be if the branches are going to open their doors at all.

The service cuts are always announced with our-hands-are-tied quotes and face-rubbing speculation about small children and the infirm. In 1978, when Franklin regretfully announced the end of the Bookmobile after 28 years of service, he cited a budget cut "for the seventh year in a row." Bring in the children and senior citizens, boys: "This is a very sad time for us," said the chief of the Bookmobile. "We serve many children and senior citizens who live in isolated or deprived areas. What will happen to them? Where will they go to read, to learn?"

Franklin increased the collective guilt by pointing out that he had no choice: "We just don't have sufficient resources. We're scraping the barrel now as it is. If we receive the funds to keep it open, we will." Another great stroke: we were at once reminded of the budget cuts, the damned budget cuts, and the educator's favorite image—himself, the steely-eyed loner fighting hopelessly against bureaucratic philistinism.

About the damned budget cuts. Here's where we're being conned. With all this talk of "seven straight years of budget cuts" you might, if you aren't familiar with budgetese, think that the library system spent less money each year from 1971-1980. No. You see, a budget is merely an agreement between the city and an agency about how much that agency should spend in the coming year. Often the agency spends all of its money before the year is over. What happens then? The city coughs up ... more money, known as supplemental funding. Add the supplemental funds to the budget base and you have the total appropriation. That's what goes up, and quickly.

Confused? Good, they want you to be. Because with this magical ciphering they can say that their budget is being cut while they spend more money each year, and instead of being pilloried they'll be sympathized with.

In the period from 1971-80, for example, although the library budget was "cut" during most of those years, total library appropriations *increased* from $6 million to $10 million, a total "cut" of $4 million more, or if you prefer percentages, a total "cut" that increased spending by about 70 percent. Confused again? "These budgets aren't meant to be for the layman," I was told. "You might get yourself into trouble if you try to use them."

A 70 percent increase in spending means the library system kept pace with inflation. So why have services declined? Because of raises. Between 1971 and 1978, 11.7 percent of the library's increased budget went to meet inflationary costs in books and equipment; 30.1 percent went to staffing and maintenance of new facilities (the King library was completed), and the rest, 58.2 percent, went to "mandatory salary costs." Those "mandatory" costs included pay raises, "within-grade increases" (exactly the same as a raise), and "reallocations," meaning promotions to higher-paid positions. Library officials point out the percentage of the total budget spent on salaries since 1971 hasn't changed much. But it's paying for 384 people instead of 555.

How well do District librarians do? An entry-level "professional" librarian (grade DS-9) makes $17,035. His counterpart in Baltimore or Richmond makes about $13,000. A District librarian with seniority—a DS-12 branch manager, for example—has a base salary of $25,939.

It does cost a little more to live in Washington than in Baltimore, but not that much more. So what's the difference? Baltimore is a city in which librarians must bargain for each raise individually, matched against a city management that is aware of the national glut of librarians. Washington is a city in which raises are considered an inalienable right. So while the salary for an entry-level librarian in Baltimore increased about $1,000 between 1975 and 1979, in Washington it jumped $3,600.

Washington, moreso than other cities, also rewards the aura of professionalism. As in the federal government, if you can advance your "grade," raises follow. Librarianship used to be a career for people with an enduring love of books and a preference for a pleasant, quiet job. The civilized world regarded as an unforgivable sin any talking out loud to any librarian. Now, the field has turned into a curious oxymoron, Library Science.

There are two watershed moments in the history of Library Science. The first came in 1924, when librarians protested the Civil Service Commission's ranking them as clerical workers. The librarians won, and their ranking was raised. The second came in the 1960s, when, armed with master's degrees and membership in the Cataloguing and Classification Section of the American Library Association's Resources and Technical Services Division, library-school grads hit the job market oozing self-respect.

Those $17,035 entry-level librarians now enjoy job descriptions like: "Provides reference

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and advisory services to either adult or juvenile patrons . . . guides readers in the use of the card catalog . . . compiles reading lists . . . displays books . . . works with community groups and/or schools to plan programs."

Never mind the conspicuous omission of "nudges sleeping readers who are drooling on the periodicals."

The first historical victory ended in higher pay for library clerks, the second in higher higher pay for Library Scientists. Both led to less service for library patrons. When money is tight and something has to give, it's usually the people who actually do things who go. The District library system has half as many people staffing the branches, actually providing reference and advisory services, but how many administrators do you suppose were cut loose?

In the Chicago school system, for example, between September 1979 and September 1980, 2,000 teachers were laid off. During the same period administrative positions paying $40,000 or more were increased from 80 to 156—that is, doubled. Even as employees were being jettisoned at a furious rate, a "Department of Employee Relations" with a $572,300 budget was established. This new department is run by an assistant superintendent making $55,895, two aides making $44,927, another making $42,057, and another making $40,584. There are also now two *assistants* to the *assistant* deputy superintendent of "field services," whatever that is, and both make $37,608.

In total, the Chicago schools have 46 administrators making more than $50,000 a year. The grand prize goes to the school system's superintendent for finance and administration (what else?) who makes $100,000 a year, the highest paid public official in Illinois and quite possibly the highest paid educational bureaucrat in America. He recently told a newspaper he didn't think Chicago school administrators were paid enough.

Remember the streets of New York? There are 1,683 fewer sanitation workers than in 1954. But there has been a sharp *increase* in the number of "sanitation policemen," supervisory personnel who whiz around in air-conditioned cars, getting $24,000 or more per year, presumably to make sure garbage is piling up in the streets according to regulations.

Raise or Call

Occasionally someone suggests that public employees might forgo a little bit of selfishness in the interest of getting the job done. It was suggested that the pending layoff of 900 District teachers could be avoided by ending the practice of five paid holidays during Christmas and five in June after the school year ends. (How you can have a paid holiday when your school isn't even in session has never been quite clear, but that's a side issue.) The teacher's union dismissed this as "a Band Aid," and continued to demand its raise, which means the layoffs will soon take effect. If kids can't get a decent education in a classroom with a 40:1 ratio, that's the public's problem, not the teachers'.

Nobody seems even to question this anymore, because of the public employee's "right" to a raise. When did a raise get to be a "right?" Raises traditionally have been given to reward performance, either by the individual or the organization of which he is a part. Two things are supposed to happen first: performance is supposed to improve, and the organization is supposed to be able to afford the raise. In the case of almost all today's government bodies, neither obtains. Performance is steadily declining, while the organization's sponsor, the taxpayer, is in deep financial trouble. When raises go to people like librarians and teachers—professions that are glutted with unemployed persons willing to take jobs for *less* than the going rate—it's madness.

The same progression can be seen in some of the country's most troubled industries. In steel, executive bonuses and worker wages have steadily increased, even as the companies' output and market share have fallen—and as more manufacturing workers, who would be happy to take jobs for less than the going rate, have joined the ranks of the unemployed.

In private industry, this progression ends with the company folding. But government can't ever fold, right? Its money supply is unlimited, right?

If public employees continue to believe that raises are a right and services are an option, the future isn't too hard to imagine: subway carmen paid full salary to sit in the yards and press pedals on trains that don't run (had to cut back on energy costs), sanitation policemen roaming the streets tape-measuring garbage heaps (truck acquisition was stopped as an austerity measure), librarians flipping cards into hats behind permanently locked doors (nothing to do now that somebody's checked out the book). There'll only be one sector of government where someone is actually providing a valued service—the accountants who calculate the raises. ■

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

How Big Labor Brings Home the Bacon

by Gregg Easterbrook

On Symphony Road in Boston's Fenway district, a contractor is gutting an old building to make apartments for the poor. The renovation is costing $23,000 per unit, and the finished apartments will rent to eligible families for $225 to $375 per month. About a block away, another contractor is fixing up a similar building for a similar purpose. The finished apartments won't be any bigger or better than the apartments on Symphony Road. But there will be one big difference. They'll cost $39,000 each to complete, and will rent for $600 or more.

Sounds like somebody is ripping off the poor. Somebody is. Only this time it isn't the banks, the slumlords, or the faceless multinationals. It's the AFL-CIO, with the consent and assistance of the federal government. In our land of unlimited possibilities, even the defender of the working man has devised a respectable way to steal from the poor.

One rehab is costing more than the other because the construction workers fixing it up are being paid significantly more. In the $23,000 building, a carpenter makes $13.34 an hour—not too shabby. In the $39,000 building, a carpenter makes $19 an hour. Both are doing the same work. In the cheaper building, a plumber makes $15.55 an hour and an electrician $16.27; in the more expensive one, a plumber makes $21.16 and an electrician $20.18. When you add up all the extra wages for workers in the more expensive building you get a surcharge of $16,000, which you pass along to the poor.

This enlightened arrangement is imposed by federal law. The $39,000 apartments are being renovated under a grant from the Department of Housing and Urban Development—which means they are a federal construction project, which means wages must comply with something called the Davis-Bacon Act, which means inflated prices.

Under Davis-Bacon, all construction workers in projects involving federal funds must be paid the "prevailing wage." That sounds so self-evident you may wonder why anybody bothered writing it down, let alone enacting it into law. But the construction-trades unions know why. Using bureaucratic flash powder and presto-chango, the Department of Labor sees to it that the "prevailing wage" often means the highest possible union wage. In Montgomery County, Maryland, just outside Washington, you can hire a bulldozer operator for about $9 per hour. Yet when construction of Metro, Washington's subway, pushed into the county, Labor officials ordered that bulldozer operators be paid $13.72 per hour. They ordered similarly inflated wages for other Metro workers. The net result, according to the General Accounting Office, is that Metro will cost at least $149 million more than it should. Pay more, get less is the government's motto when it comes to construction—less

Gregg Easterbrook is an editor of The Washington Monthly.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

housing for the poor, or less subway. Construction of Metro lines to Washington's comfy white suburbs continues apace. But construction of the line to Anacostia, the city's poorest and hardest-to-reach area, has been postponed indefinitely. Reason: "fiscal constraints."

What's that you say? You don't care about the poor? How fashionable of you! Then maybe you care about the environment. Davis-Bacon has so inflated the cost of pollution-control projects that the EPA's plan to finance a nationwide series of water-treatment plants has largely been stymied. A treatment plant in Houston, for instance, was held up and nearly canceled because Davis-Bacon inflated the price of its filter houses and dryers by 55 percent.

What? You don't care about the environment either? You devil you, you must have known about tree pollution long before the rest of us. Surely, though, you must care about national security. Davis-Bacon is slowing construction of the Strategic Petroleum Reserve to a crawl, and slowing renovation of military bases. It will add many billions of dollars to the proposed MX missile system, which is essentially a construction project, thus delaying its completion for years.

The Davis-Bacon Act sets taxpayers back at least $2 billion a year in federal construction wages. It also indirectly inflates the cost of private construction, by "importing" high union wages into non-union areas, and driving small, cost-conscious contractors out of business. The total inflationary impact of Davis-Bacon is estimated to be as high as $20 billion a year.

In Washington, a city seemingly bent on creating automatic all-weather inflation guarantees, Davis-Bacon is a triumph of the art. It is artistically pure and uncompromised, serving no purpose whatsoever other than to raise prices. The act not only means higher wages for union workers on federal construction jobs, but non-union workers as well, helping enhance Big Labor's image and expand its scope. It's one reason building unions have expanded with such success, organizing more than 40 percent of the country's construction workers. "Davis-Bacon is the greatest treasure in Big Labor's chest," notes a unionized contractor.

Labor proponents paint Davis-Bacon not as a goodie, but as the last faint hope of a shoeless proletariat. Senator Harrison Williams, who until the Republican Senate takeover was chairman of the Labor Committee, says the law keeps "the living standards of construction workers" from being "sacrificed in the battle against inflation." Construction workers suffer from a peculiar form of exploitation—they are among the highest-paid workers in the country. In 1978, the average construction worker made more than $8 an hour, while the average for manufacturing workers was about $5.50 an hour, and the average for all workers was much lower than that. In the battle against inflation, not only have construction workers not been sacrificed, they have yet to be conscripted—while the consumer price index rose 63 percent between 1969 and 1979, construction wages rose 130 percent.

Davis-Bacon insures that average taxpaying stiffs shell out to subsidize this cream of the working crop, and it's an especially white cream. Only about ten percent of journeymen in the building trades are black or Hispanic, far less than the share of minority group members in the population; union work rules are carefully calculated to keep it that way. (In construction, a journeyman is not a pitcher whose fastball can be clocked with a sundial, but an experienced worker with seniority.)

So Davis-Bacon seems like exactly the kind of boondoggle Ronald Reagan is looking for. It wastes taxes and increases the deficit without accomplishing anything. It subsidizes those who don't need it. And best of all, it's not fogged up by complex interrelationships with due-process rights and land-use planning in the Yucatan. Davis-Bacon can be dealt with swiftly and decisively, simply by repealing the law. Repeal would lower taxes, speed up important federal projects, stimulate the construction business, and increase opportunities for blacks and Hispanics. Bing, bang, boom. All it requires is a president with the courage of his convictions, a sincere belief in free-market economics, and a willingness to stand up to Big Labor, which should be good practice for standing up to the Russians.

Symptoms of Depression

As soon as Reagan wakes up from his nap, we'll ask him if he is that president. Meanwhile, let's see how Davis-Bacon works.

The law was passed in 1931, intended to combat the desperation of the Depression. At that time, the federal government was about the only builder anywhere. Jobs were so scarce and times were so hard that workers—especially Southern blacks—were fighting just for subsistence wages. Southern contractors formed "roving gangs" of starving blacks and traveled around the country, bidding on federal construc-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tion. They underbid whatever the already depressed local "prevailing wage" happened to be. By ordering that federal construction pay the "prevailing wage," Congress not only took away the "roving gangs" advantage, but heated up the economy in keeping with the spend-your-way-out theory of ending the Depression. States began passing "little Davis-Bacons" that ordered prevailing wages for state and local construction; 40 states have them now.

The plumber making $21.16 is not a homeless dustbowl waif; however, the anti-Depression mechanisms of the act, whose purpose has long since expired, continue to jack up his wages.

Suppose, for example, you are a painting contractor in Carson City, Nevada. King Soopers is finishing a new supermarket, and wants it painted. It calls for bids. You figure out your cost of paints and materials, how many people you need and what to pay them, figure in the highest profit you dare, and submit a bid. If you're lower than everybody else, you get the job. King Soopers does not ask to see your books, or negotiate individual items, like whether you pay painters or truck drivers more. It just asks how much you want, and when you can finish.

Now suppose the government is finishing a courthouse and wants it painted. You still have to bid on materials and timing, but you can't bid on labor. Washington will set the labor rates, and every contractor wanting the job must bid the same rates. To set the rates, the Department of Labor will dispatch surveyors, whose purpose, even liberal economist Charles Schultze has said, is to pump wages up to "the construction union scale in the nearest large city."

Here's where the fun begins. The simplest way surveyors can express their pro-union bias is by not reporting evidence of non-union wages. The GAO found that when one Labor surveyor was setting wages for a residential housing project in California, he "systematically excluded" mention of 113 local carpenters making $2.50 to $4.50 an hour, recording only higher wages. If he had included the low-end wages in his survey, GAO said, he would have found the prevailing wage for carpenters to be $4.85. Instead he found it to be $6.54 an hour, and that's what the government paid.

A Labor surveyor can be somewhat more subtle, and base wages on projects that have nothing to do with the business at hand, but pay better. When a U.S. Postal Service office air conditioner in Cumberland, North Carolina, needed overhaul, instead of examining other nearby air-conditioning jobs the Labor surveyor looked at a range of 53 projects, including installation of a sprinkler system in a men's formal wear shop.

Roller Disco

But sometimes these little expediencies aren't enough. Maybe it turns out all nearby construction workers are making pretty much the same thing—in other words, the surveyor has accidentally found the actual "prevailing wage." That will never do. So he declares that nothing in the area is similar to the project under consideration, forcing him to "import" wages from somewhere else. That somewhere else is a large city, which will probably be unionized, and thus have higher rates. "Importing wage determinations has one and only one purpose," said a member of the Carter White House's Domestic Policy Staff. "It puts union wages into non-union areas. It doesn't matter if there's no union in Dubuque. They just bring in union rates from Chicago."

The Department of Labor has become particularly adept at this procedure. Twenty-five to 38 percent of its wage determinations in building construction come from "noncontiguous counties," as Labor calls them, the GAO found. In highway construction and similar work, GAO says, as much as 73 percent of the wages are airlifted in. A study by the University of Chicago further demonstrates the pro-union bias. In setting Davis-Bacon wages for projects in counties of more than 500,000 people—that is, large cities—Labor considered "noncontiguous" wage rates less than 15 percent of the time. In setting wages for counties of fewer than 5,000 people—that is, non-union towns—Labor brought in "noncontiguous" rates 95 percent of the time.

Most often surveyors at least attempt to present some reason for wage importing, citing "specialized skills" or "unique circumstances." At other times, they drop all pretense. Consider Cape May, New Jersey, a small town in the state's sparsely populated, low-cost-of-living coastal area.

Cape May needed road repairs, and asked local contractors for bids. One, McCarthy Paving Co., bid the job based on local wages, like $5 an hour for a roller operator. Then New Jersey's Department of Labor ruled that the state's "little" Davis-Bacon law applied. It imposed a roller-operator wage of $16.

Running a roller—those big black cylinders with a seat on top—is little more than unskilled labor. "I can teach you to be a roller operator in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

half an hour," said Jerald Barrett of McCarthy Paving. "When you want to go forward, push the stick forward. When you want to go back, pull it back. There. Now you're a roller operator."

McCarthy Paving still could have taken the contract, and not suffered immediately from the inflated wage structure. After all the government was paying for the job, so McCarthy Paving could just pass the costs along. But the company withdrew from the bidding, as do most non-union contractors faced with Davis-Bacon rates. "Once I've paid a man $16 to run the roller, how am I going to keep him happy at $5?" Barrett asked. "Wages like that tear a company up. How do I keep the rest of my people who don't get on this sweetheart job happy? I have tar-distributors [a skilled position that requires knowledge of math and drafting] who've been with me for ten years and are making $9 an hour. Nine dollars is a decent wage. What happens when they hear I took some guy in off the street and paid him $16 to sit on the roller?"

McCarthy Paving and other local contractors sued the state over its wage determinations. During the trial, they asked where the $16 figure came from. "Newark," was the reply. Newark, 250 miles from Cape May, is the most populous and heavily unionized city in the state.

Road paving, of course, involves no "specialized skills" or "unique circumstances." It is among the most common and simple construction activities. It's so simple, in fact, that Cape May's surrounding Cape May County government decided to go into the business itself. The county commissioners found they could buy their own paving equipment and hire permanent civil-service workers to run it for less than the cost of contracting out under Davis-Bacon. At present more than a dozen southern New Jersey towns have established road-paving departments, and more are planning to. What, then, has been the effect of Davis-Bacon in southern New Jersey? You guessed it—local contractors are out of work.

The 30% Solution

And if you liked that, you'll love something called the "30 percent rule." Like wage-importing and other survey techniques, it isn't part of the original Davis-Bacon statute. It's just a "rule," something the Department of Labor dreamed up on a rainy Saturday afternoon. To a bulldozer operator, it's the most golden rule of all.

Here's how it works. Unions negotiate wages by "classification." In other words, every unionized sheetmetal worker in Duluth gets the same hourly wage, say $10 an hour, regardless of what company he works for. But non-union companies do their negotiating separately. So a sheetmetal worker at one non-union Duluth company might get $11 an hour, while one at a different company gets $9 and so on.

When Labor surveyors go to Duluth to set wages for a government project, they're supposed to examine all workers in the same classification. So if, for example, Duluth were a 100 percent union town, the Davis-Bacon wage would have to be $10, since that's what every sheetmetal worker in Duluth would be making. (Unless the surveyors cooked up an excuse to throw Newark wages into the survey.)

Liberals favor handouts to the needy; conservatives favor handouts to the well-to-do. Davis-Bacon passes the latter test.

Many towns, however, have both union and non-union workers, so surveyors must determine what the majority are paid. If, say, 60 percent of Duluth's sheetmetal workers are getting $10, then that's the majority, and that's the federal wage.

You've been waiting for the Big But, and here it is: BUT what if there isn't a clear majority? What if 31 percent are making $10 and 30 percent are making $9 and 30 percent are making $8 and the rest are making less? Then the wage selected is the *highest* wage for the greatest number of workers over 30 percent. Get it? Even though in Duluth as a whole (greater metropolitan Duluth, one might say) only 31 percent of sheetmetal workers are making $10, on the federal job *everybody* makes $10.

With rare exceptions, collectively bargained

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

union wages are the highest in any given area. So this means that, by organizing only 31 percent of an area's workers, unions can effectively set rates for *all* an area's workers, at least as far as government construction is concerned.

Have you ever asked yourself, "How come if unions represent so few people, they have so much power?" Now answer yourself.

Remember the painting contractor in Nevada? The Department of Labor actually sent surveyors to Carson City three years ago. The dauntless team of streetwise investigators found exactly eight painters. Three of them were making $12.40 an hour—damn good painters, one presumes, probably impressionists. The other five were making from $6.25 to $9 an hour. But since three out of eight is 38 percent, the 30 percent rule kicked in and the wage for government painters in Carson City was set at $12.40 an hour.

Wait, wait, there's more. The Department of Labor can inflate construction wages using a variety of other methods, too. One involves the *type* of rate contractors charge. Most builders have a series of rates; low "residential" rates for housing, which is relatively easy to construct; higher "heavy" rates for highways, dams and similar projects; and steep "building" rates for high-rises and skyscrapers, which is the most difficult and dangerous type of work. On that water-treatment plant in Houston, for example, the Department of Labor decided a "heavy" wage for a cement mason would be $7.17 an hour, while a "building" wage for the same worker would be $11. So part of Davis-Bacon is a determination of whether residential, heavy or building rates apply to a project. The Houston plant was ruled to be "building" construction.

Washington's Metro subway will be so expensive in part because the entire system was classified a "building" project, even though most of its trackage is above ground, and aboveground rail construction more closely resembles heavy-rate highway work than anything else. The Department of Labor has gone so far as to admit in congressional testimony that its practice of imposing building rates on federally financed housing for the poor costs $50 million a year.

To experience for yourself the actual procedure by which the Department of Labor chooses among these three rates, write the words RESIDENTIAL, HEAVY, and BUILDING on a dartboard. Close your eyes, and grasp a dart. Then throw the dart out of the window and choose BUILDING.

Another favor Labor does for federal projects is to determine what work rules apply, specifically whether union rules must be observed. Unions have lots of rules regarding hours and specialization and who is authorized to throw a line to a steeplejack if he's about to fall off a building, but the key rule is the ratio of journeymen to apprentices. As mentioned before, journeymen have experience and seniority; apprentices are new on the job. Some construction skills, like being an electrician, take years to learn, and in them journeymen do notably superior work. But in many "classifications," like sitting on a roller and pushing a stick, journeymen and apprentices are interchangeable.

The important differences between journeymen and apprentices, however, involve not performance, but money and race. Apprentices make a lot less than journeymen. In the case of the housing rehabs in Boston's Fenway, where the Davis-Bacon carpenter was making $19 an hour, his apprentice was making $15.89. His counterpart, the private-project carpenter making $13.34 an hour, was assisted by an apprentice making $6.62. So a contractor would be able to charge a lot less if he could use more apprentices, but union (and hence Davis-Bacon) rules usually dictate at least five journeymen for every apprentice. Contractors would also be able to hire a lot more minority men and women, since most union journeymen are white and male, while apprentices may be some combination less desirable from the union's standpoint. "Davis-Bacon rules are white craft guild rules that make it very difficult to get minority people into a project," said Phillip Mayfield of O.K.M. Associates, an adviser to the Boston rehab project.

Apprentices not only threaten the union's status as a white enclave, but also its monopoly position. Limiting the number of apprentices limits the number of people who are available for promotion to journeyman, which means unions can demand higher wages for the few who make it. Of course, this means fewer workers can be employed, especially blacks and Hispanics. We might all be better off if there were lots of carpenters earning $13.34 an hour, instead of a handful earning $19. But making us all better off is not the Department of Labor's job. That's up to Congress.

Washington rulings about apprentice ratios not only inflate construction costs, but sabotage other government programs. Senator Jake Garn discovered last year, for instance, that at a HUD-sponsored self-help project in New York, where

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

federal funds were going ostensibly to teach minority workers housing rehabilitation and building trades, the Department of Labor had imposed a ratio of 14 journeymen (teachers) to every one apprentice (student). The situation was so ridiculous, even Senator Williams pressured Labor for a change. Now the ratio is one journeyman (teacher) for every seven apprentices (students), which is a good ratio for instruction, and also Labor's way of saying its original ruling was only off by a factor of 98.

No Appeal

Sometimes, even the best-laid inflationary plans go awry. Labor survey teams occasionally dream up rates that are *lower* than the true prevailing wage, thus insuring that the few workers who don't enjoy windfall are zapped with an undeserved penalty. The Labor wage-setting apparatus is so scrambled that GAO has audited it seven times in the last ten years, and each time has come away with progressively more negative findings. In 1979 the normally reticent GAO said Labor had become so disorganized it couldn't administer Davis-Bacon fairly even if it wanted to, and called for the act's repeal.

It's a mistake to think, however, that workers are the only ones who benefit from Davis-Bacon. When the act inflates the cost of a government job, contractors don't just pass that cost along to the taxpayer—first they add their overhead and profit markups. So the higher the inflated wage, the greater the contractor's profit. This means contractors doing all or most of their work on federal jobs (usually union contractors) are quite content with the law. Since the government is by far the largest construction buyer—some $45 billion of last year's $200 billion construction industry was government work—this makes for a lot of fat, happy contractors to lobby for Davis-Bacon's preservation.

"Under this act the government basically says, 'We, as customer, insist on paying the highest possible price,'" notes Armand Thieblot, an economics professor at the University of Maryland. "How many businessmen do you suppose will say, 'We refuse to charge the highest price'?"

The contractors who don't want the highest price generally are the small, non-union shops who fear a few months of inflated work will destroy their wage structures. Davis-Bacon rates for one federal housing project in Stoughton, Wisconsin, were set so much higher than local rates that all the contractors who bid on the contract dropped out, fearing disruption of the rest of their businesses. The housing developer then had no choice but to find an out-of-town contractor to take the job—an interesting inversion of the "roving gangs" protection Davis-Bacon was supposed to provide.

It is possible to appeal a Davis-Bacon wage determination, but such appeals are rare, since they are costly and time-consuming, and offer no assurance that the contractor doing the appealing (that is, demanding the right to charge less) will end up with the job after a new ruling. When MARTA, the Atlanta subway authority, got its Davis-Bacon wage structure in 1975, it appealed. MARTA economists figured the inflated wages would drive the cost of their subway up by at least $100 million. MARTA eventually prevailed and had its wage structure re-written, but construction start-up was delayed while the appeal dragged its way through hearing boards. In the process interest and carrying costs for the non-work ran at $200,000 a day, a bill that was forwarded to guess who?

Can't Hire Taipei Paving

The Davis-Bacon statute itself, as it was written in the Depression, applies only to construction undertaken directly by Washington, like post offices. It has expanded in influence both through the "little" Davis-Bacons and by being written into other federal statutes. Some 77 federal laws, involving loan-guarantees and other indirect federal financing, now say all sponsored projects must abide by Davis-Bacon rules. The laws include the Commercial Fisheries Research and Development Act, the Indian Self-Determination and Educational Assistance Act, the National Technical Institutes for the Deaf Act, and the Domestic Volunteer Service Act. Davis-Bacon insures that money committed to the programs under these acts is channeled away from those it is intended to help to those who need it least.

How do the construction unions continue to get away with it? One reason is that they are one of the few segments of the economy that does not compete with overseas labor. Those teeming hordes of cheap, obedient workers in faraway lands serve as a kind of relief valve for wages. If a manufacturing union pushes its wages too high, management might react by moving operations elsewhere. In construction, there is no such alternative. You cannot have your subway tunnel dug in Hong Kong and shipped here.

Another reason is the protective shield the Department of Labor lowers over Big Labor, its

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Another Slice of Bacon

Of course, not every federal worker gets a deal as sweet as the one given construction workers under Davis-Bacon. At least not yet. The wage-inflating mechanisms perfected under Davis-Bacon are slowly being cranked into other federal pay systems.

Most prominent is PL 92-392, or the Blue Collar Pay Act. It covers non-civil-service civilian federal workers. Under this act, federal agencies conduct Davis-Bacon-like surveys to discover a "prevailing wage" for private jobs similar to the public job in question. But to escape the stigma of the term "prevailing wage," which is Washington code for "inflated windfall wage," the survey result is called the "payline." Federal blue-collar workers are then placed on a "step" ladder of automatic raises—yes, just like the civil-service "step" raises their supervisors treasure.

For the first six months, a worker gets 96 percent of the payline. Then he gets 100 percent, or the same as a comparable private-sector job would pay. Then he gets a step raise to 104 percent, then 108 percent, then finally 112 percent. You heard that right. The law whose ostensible purpose is to make federal blue-collar wages "comparable" to private wages says in shameless black and white that workers with seniority get 12 percent *more* than the comparable private job. And like civil-service step raises, these premiums are automatic. Workers get them no matter how well they perform, as long as they meet a minimal standard of feasance, like not molesting pre-teen girls in the back of government vehicles.

PL 92-392 also contains something called the Monroney Amendment. Its purpose is to make high union wages from urban areas applicable in non-union rural areas, and it functions exactly like the "importation" section of Davis-Bacon. Thus workers at Robins Air Force Base in Macon, Georgia, are not paid the prevailing wage for private workers doing similar jobs in Macon. They are paid Atlanta wages. This costs an extra $23 million a year, the Pentagon estimates.

One effect of the law is that since its passage in 1972, federal blue-collar wages have been rising faster than white-collar salaries. "A major employee-management problem at the Department of Defense" has resulted, a congressional hearing was told, and guess what solution was proposed: "prevailing wage" raises for white-collar employees, too.

President Ford tried twice to change PL 92-392, President Carter tried once, and both failed. (In the process a new law called the Service Contract Act, extending Davis-Bacon-like wage determinations to workers in window cleaning, garbage collection, and other contract services, was added.) Leading the fight against reform of PL 92-392 were congressmen from districts such as Macon that are raking in a bonus for workers (voters) and a subsidy for the local economy. One might pause here to note that Davis-Bacon and PL 92-392 are endorsed most vocally by philosophically liberal congressmen from urban, unionized areas. They are condemned most vocally by philosophically conservative congressmen from rural, non-union areas. But rural workers getting inflated wages are a prime beneficiary of the law. So subsidies from urban taxpayers to rural workers are favored by urban congressmen and opposed by rural congressmen. Welcome to the big leagues.

Pascale Petosa, a top official in the Pentagon's civilian personnel office, estimates that PL 92-392 wage inflation costs $400 million to $600 million per year. (The Pentagon has 370,000 civilian blue-collar employees.) He is pessimistic about reform, even under Reagan.

"Everybody wants more," Petosa says. "The workers want more. The contractors want more. The managers want more. Things are coming apart at the seams, and all anybody wants to talk about is how to get more money. There's nobody to represent the taxpayer and ask, 'Where's it supposed to come from?'

"I have no illusions about cutting costs," Petosa added. "I just want my epitaph to read, HE GAVE IN MORE SLOWLY."

—*G.E.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

primary constituent. When asked why government should not try to get the best deal on construction wages, just as it should get the best deal on roofing pitch and vanilla extract, Nik Edes, a deputy undersecretary of Labor, expressed revulsion for the very notion. "Wages should not be the mechanism for the competitive edge in government contracting," Edes said. "Labor is not a commodity suitable for competition." Edes suggested that businessmen should compete for government contracts by offering efficient management and cutting costs on materials.

Excluding labor from competition no doubt helps keep $19-an-hour carpenters from becoming alienated over exploitation of their surplus value, but it's difficult to see how businessmen can magically compete on materials without indirect labor competition. Competing on materials means getting them cheaply, and that often means finding suppliers who pay their workers as little as possible. This tends to put suppliers who pay their workers high wages out of business. But far more important, labor *is* treated like a commodity when it is poured down the drain, which is exactly what Davis-Bacon does with it. If the government could pay individual construction workers less—not little, mind you, just less—it would be able to employ more of them. Government could build more housing for the poor, more water-treatment plants and subway stations, enhancing the general good as well as increasing employment.

Those good things—more government construction and more jobs—could happen only with true competition, and "competition" is a dirty word in Washington. (One HUD report defending the Davis-Bacon Act refers to price-undercutting on contracts as "an unscrupulous practice.") The prevailing attitude in Washington—and state and local offices across the nation—is that running up the public's bill is what government is all about. From defense contractors to insurance carriers to doctors and hospitals billing for Medicare, everyone saves his highest price for government. It's just assumed The People pay the limit. The attitude starts at the top and works its way down; government is headed by congressmen who say they cannot live on $60,000—more than four times the median family income of the people they govern—and fly into righteous fury when someone proposes that they pay for their parking.

Edes was asked what might happen if Davis-Bacon were repealed. His voice dropped a dark octave and he warned, "Why, that would lead to a lot of unfair competition in which people would try to cut costs...."

'Tis Better to Give Than Repeal

Hold on—what's that I hear? It's the clatter of horse hooves in the East Wing. That must mean Reagan has awakened from his nap, his waving hand refreshed and rejuvenated. He must be ready to do battle with the unions. What can we expect of the conservative Republican with the landslide legislative mandate?

During the early campaign, Reagan called Davis-Bacon "a needless burden on local taxpayers" and "a gift of tax funds to the affluent." But that was before he endorsed the Chrysler bail-out, before he said forget about a national right-to-work law, before he started sipping tea with those upstanding community leaders, the Teamsters, and before he said, in an October speech in Youngstown, Ohio, that he wouldn't try to repeal Davis-Bacon. Reagan did say Davis-Bacon administration should be "tightened up." Possibly he means to eliminate that "waste and fraud" he's ever on the watch for, establishing once again that he will not sell out to any interest group that openly advocates fraud (it's going to be a rough four years for the Pennsylvania congressional delegation).

Meanwhile, hard-line conservative Senator Orrin Hatch, who made loud noises about Davis-Bacon repeal when he rose to chairmanship of the Labor Committee after the election, has fallen silent. So have Garn and other long-time Davis-Bacon foes, who you might think would be trumpeting their moment of triumph. Republican Capitol Hill staffers say word has been passed to take it easy on Davis-Bacon. "There's no point in going after it," said one knowledgeable staffer. "It would be so much work politically. Besides, if we got it [repeal] out of the Senate, the House would just bottle it up, so why bother?" Meanwhile the "Stockman Manifesto" of new Office of Management and Budget Director David Stockman suggests leaving Davis-Bacon intact so as not to antagonize Big Labor, and thus win its cooperation on progressive social goals like relaxing pollution controls.

It may seem hard to believe that conservative, business-oriented Republicans could learn to love Davis-Bacon. But actually, it fits in smoothly with their philosophy of life. Liberals favor government handouts to the needy; conservatives favor handouts to the well-to-do. Davis-Bacon certainly passes that test. ■

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

APWA Promised an Unbiased, Objective Examination of Those Enemies of Progress

The Public Works Historical Society, a branch of the American Public Works Association, has been awarded a contract from the Army Corps of Engineers to study critics of Corps programs.

The society says it will "investigate the principal persons, organizations, agencies, and interest groups that have found fault with the environmental aspects of the Corps' activities."

Tidbits & Outrages

There Are No Easy Answers

The College Entrance Examination Board has long been under pressure to release the answers to SATs after they are administered, so students can actually see what they got wrong.

According to *Testing Digest,* an educational newsletter, CEEB has finally agreed to sell (not give) students sheets of answers. But it still refuses to allow a student to take the questions away with him — or release the questions at all. CEEB will provide nothing but a series of columns reading, "1-C, 2-A, 3-E, 4-A . . . ."

Available in St. Tropez, Swiss and Gouda

Laboratoire Bio-Chimique of Montreal has just released "Orobronze," a tanning capsule that you swallow.

According to *Next* magazine, Orobronze capsules will make the skin appear to be tanned, although they do not provide protection from the sun. The capsules — not yet certified for sale in the U.S. —cost $29 a box, and you take them two to four times per day.

Next reports: "The active ingredient is canthexanthine, a compound used to add color to butter and cheese:"

Gilmore Explained That He Meant To Grab the Nose

Adrienne Washington of *The Washington Star* files this report:

"A Vietnam veteran being held in the D.C. Superior Court basement cellblock was accused yesterday of ripping off his cellmate's ear during a fight.

"The veteran, Loren R. Gilmore, said the ear came off in his hand 'accidentally' during the fight . . . ."

Presenting the National Rifle Association's "Man of the Year"

The New York Times files this report:

"Carlos Casanas, 28 years old, of 48 West 82nd Street, brandished a gun in a Radio Shack store at 925 Lexington Avenue near 68th Street, and was arrested two blocks away after a chase. Mr. Casanas was reportedly carrying two loaded guns, a dagger, two canisters of Chemical Mace, three flares with launchers, and a razor. He was wearing a bulletproof vest"

ACTIVATE EMBRACE... ENGAGE KISS FUNCTION... INITIATE BRA-STRAP DISCONNECT SEQUENCE...

Syntonic Software Corp. of Houston has sold more than 10,000 copies of an X-rated program for small home computers.

Called "Interlude," the program asks whatever combination of consenting adults is in the room a series of personal questions. Replies are punched into the machine using a keyboard. Interlude then prints out detailed instructions describing what, based on their preferences, the people present should do to each other. These instructions range "from basic foreplay to light bondage," the company says.

Syntonic President David Brown notes the computer would be beneficial when "The man and woman are already feeling warmly toward each other, but do not have an exact format in mind for the evening."

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The text of a recently uncovered memo from St. Peter

EYES ONLY, JESUS

by Jeffrey M. Prottas

For countless years, it has been rumored in theological circles that there are still missing fragments of the Scripture—long-lost writings which would shed light on the day-to-day details of Jesus' travels and teachings about which little is known. Recently, a team of eminent archeologists journeyed to the Middle East in search of these records. After months of exhaustive digs, they found nothing. But just as they were preparing to depart, a team member discovered one of the missing fragments, tucked into a Gideon Bible on the nightstand of a Best Western Hotel near Jerusalem.

This priceless historical document concerns the administrative complications caused by Jesus' miracles. We asked Professor Prottas for his commentary. He suggested it would be most enlightening to translate the scroll from the original into the equivalent modern-day English. Here is his translation.

Jeffrey M. Prottas teaches government at Harvard University.

MEMORANDUM

To: Jesus of Nazareth
From: Simon (called Peter), Disciple and Administrative Assistant
Re: The Administration of Miracles

I wish to make it clear at the outset that I do not oppose miracles on theological or administrative grounds. Miracles have done us a lot of good. Curing the sick, lame, and blind generates favorable publicity and just enough controversy to keep press coverage up. On the other hand we cannot close our eyes to the practical problems they sometimes raise.

To be sure, the curing Miracles have worked out well. The adverse reaction from the medical establishment has been minimal, as they spend their time denying the original existence of the illness. The hostility of doctors is of little practical importance as they have shown no interest in conversion anyway. Medical Miracles therefore have the policy staff's unqualified support.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Raising Lazarus was a bit more complicated. This was, of course, a most impressive Miracle—not that all Miracles aren't impressive. On the whole it went very smoothly indeed but it ought to have alerted us to some of the potential complications Miracles can lead to. The Mutual Benefit Life Insurance Company, Inc. had already issued a payment on Lazarus' life. They wanted their money back. Fortunately Mrs. Lazarus preferred her husband to the money and returned it promptly (not, alas, a universal preference). On the other hand, the Social Security Administration could not be convinced that Lazarus is now alive and continues to mail monthly checks. We are trying to turn them off—we certainly don't want the Lazaruses indicted for fraud sometime in the future when the Administration finally communicates with its computer. I will not go into the complications we encountered with Lazarus' driver's license, union card, or bank loans. Only his bowling league seemed to adjust to the transition without strain. Suffice it to say that the legal department is just now untangling the situation.

In this case the problems could be handled reasonably simply. However it is important to keep in mind that, up to now, our Miracles have been, from a policy point of view, of a simple kind. With a few exceptions they have involved the delivery of a service in a face-to-face situation. While important and useful, this type of Miracle involves few implementation problems. Unfortunately this is not true of Your newest initiative.

Providing the multitude with fish and bread is a radical policy departure in the Miracle area. From face-to-face delivery of services we are shifting to the delivery of a commodity to a large number of faithful. The policy staff has, of course, no doubts that the production side of the program can be easily handled by You but the administration and implementation issues cannot be ignored. We must remember that no policy, Miracles included, is self-implementing.

The problems we encountered in the aftermath of this Wondrous Event illustrate the necessity for comprehensive pre-Miracle planning in the future. This planning must include an analysis of probable reaction from critical constituencies, the impact of the Event on our relations with State, Federal and local regulatory agencies and, finally, some consideration of the management of publicity and press reactions. We are not seeking to assign blame, and understand that You often act in mysterious ways, but feeding the multitudes has caused most intractable administrative problems.

I. *Constituency Problems*

From the point of view of constituency maintenance, it has been a failure. This Miracle has undermined our support among some of our most critical constituencies and has, I'm afraid, made us vulnerable to a serious public relations set-back. The provision of bread and fish was a particularly unfortunate choice.

As You know, fishermen have long been a particularly solid block of believers. (Their heavy representation among the disciples has of course been a factor in this.) Your "fisher of men" quote has achieved wide circulation among them and has been very well received. Your water Miracles, all those fish and the stroll, also played a large part. Now, however, there has been a lot of dissatisfaction. Your sudden provision of a multitude of fish has, they claim, further weakened an already precarious supply-demand balance. They are blaming You for an acceleration in the declining price of their catch. This discontent has not yet taken any organized form and it is important to us that it doesn't. I would like to get out a statement suggesting that fish was provided for the faithful because of its high nutritional value. I realize that this is inconsistent with Your policy of not endorsing any product, but I think an exception should be made here. It could be done tastefully and would do us a lot of good among the fishermen. Both Andrew and Philip agree and are willing to set up meetings with influential fishermen's organizations and prepare the statement.

We may also have problems with the Teamsters. The president of the union local has already been in touch with me. He is demanding an explanation of why union members were not used to transport the bread and fish to the multitude. He points out that they have a contract with both the fishermen's cooperative and the major baked goods distributors. He was not satisfied with the explanation that Miracles do not need to be trucked. I believe that he suspects that we have somehow used non-union vehicles. In any case he argues that we ought to compensate members for work lost due to Miracles. There is apparently a compensation clause in local contracts and, he points out, Miracles are not specifically excluded. He is threatening to file an unfair labor practices complaint against us.

I believe that his anger is more the result of his embarrassment at not being able to explain the situation to his members than it is over the alleged violation of local understandings. It may be possible to placate him with a promise of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

advance notice in the future of Miracles that involve bulk products. I have already assured him that the bread and fish was a spur of the moment decision on Your part. In the future it might be wise to consult with the implementation staff before such a large scale initiative. Hostility from organized labor in general and the Teamsters in particular could have very negative effects on proselytizing efforts in certain parts of the city.

II. *State and Federal Regulations*

The administrative fallout from the Miracle has been troublesome. We face problems on both the local and the Federal front. We have been approached by three state agencies claiming that Your Miracle falls within their mandated jurisdiction. The Food and Drug Division of the Public Health Service is particularly upset. They point out that we have no license to dispense food, that our facilities have not been inspected and that we are therefore chargeable under, in the inspector's words, "about 270 different rules." I have tried to impress upon them that the concept of "food preparation facility" is not easily applied in this instance. They have countered with a repeated demand for an address. I shall need assistance from You on this.

I have had somewhat better success in arguing that the feeding of the multitudes was in the nature of a family dinner—we all being the children of God—and therefore not subject to public health regulations. They are consulting their lawyers.

Although we have succeeded in playing down the wine part of the Miracle in order not to antagonize temperance advocates, some word has already leaked out. In fact we have received a communication from the Alcoholic Beverage Control Commission. They were considerably placated by my assertion that we dispensed the wine without charge. However, I think we can expect continued dealings with them on one issue. When I explained the nature of the Miracle to them they seemed to think that, as the original source of the wine is not within the state, you, as the importer, are liable for the state liquor tax. They are computing the bill.

Happily, the Commission accepted, without demurrer, my family dinner argument and dropped the question of dispensing alcohol to minors.

Interestingly, the Commission's representative made no difficulty over the miraculous nature of the wine. It seemed, in fact, to resonate naturally with his own outlook. Perhaps this suggests a fertile ground for missionary work. I will approach Matthew.

Lastly we have received a letter from the Fair Division of the State Food and Agriculture Department. They have, they tell me, responsibility for the organization and regulation of agricultural fairs. They have not yet claimed that we have violated any law but have expressed an interest in speaking to us. They assure me that they organize over 100 fairs each year. They clearly wish to "help" us do our "next fair." Providing them with some limited opportunity to do so is, in my view, prudent. If they feel that we are flouting their jurisdiction no doubt they will find some regulations we have violated.

The Interstate Commerce Commission called me ten minutes after the Teamsters local. As a "business" engaged in interstate commerce we would have had a number of obligations pertaining to financial reporting and hiring practices. I assured them we were neither a business nor engaged in interstate commerce. They are referring the issue of our "non-profit" status to the IRS. Clearly this is getting out of hand. I reemphasize the necessity of a high-level talk with the Teamsters.

"THE *American Medical News* has unearthed an interesting bit of martyrology. Profiling Dr. Michael Nathan, one of the slain members of the Communist Workers Party and organizer of last year's fatal 'Death to the Klan' rally in Greensboro, the *News* reported that although a 'dedicated Communist,' Nathan did not actually join the party until hours before his death, 'when he was inducted into the party as he lay unconscious in the hospital.' It's easier that way."

For a free copy of the current issue of National Review, write to Dept. W-4, 150 East 35th Street, New York, New York 10016.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

I don't mean to leave the impression that all agencies of the federal government believe us to be transgressors. The Federal Disaster Assistance Administration has invited us to apply for a training contract. They say that if You could teach their employees the "techniques for the spontaneous provision (and distribution) of primary food stuffs" they could "more efficaciously and efficiently alleviate the suffering of victims of natural and man-made disasters." If we can produce a 20- to 30-page proposal, including budget and curriculum vitae, by September 1, they promise "sympathetic consideration." Note that the date corresponds with the end of the fiscal year. I am informed by those of our followers who have gone on into consulting that this is by far the most opportune time to make such a proposal, so we must move quickly.

III. *Financing and Publicity*

Federal funding just might be the solution to our many financial problems. In addition to those with which you are familiar, the Sanitation Department has presented us with a bill for $124,086.47! The fiscal people are horrified. They claim the amount is outrageous and that we don't have anything like that on hand. I have spoken with the Director and he is in no mood to compromise, moreover he has a certain amount of justice on his side. The Miracle left quite a mess, although most of the wine containers apparently went home with the faithful as souvenirs; the fish remains stayed on the ground.

Despite the reservations of the financial department and the (more or less chronic) doubts of the legal department, I feel we ought to pay up promptly. Although I hesitate to criticize You it is probably true that we did not stress to the faithful the importance of cleaning up after themselves. No doubt You had other things on Your mind. Nevertheless we do have responsibility and we would be ill-advised to allow this aspect of the Miracle to gain wide publicity. Environmental groups are a powerful force in this area and ripe for conversion. Getting a reputation for insensitivity to these issues would be bad.

If You approve, my staff and I will begin working with the financial staff immediately to develop some fund-raising plans.

Even if we can avoid bad PR on this matter I am very much afraid that we must expect some serious problems in the immediate future. We have received word, privately, that a number of the faithful found that even miraculous fish engendered strong allergic reactions. Many people, as You know, are allergic to seafood. Foolish of them to accept it but, under the circumstances, understandable. In any case we have heard of three cases of very strong reactions and one of those involved a short period of hospitalization. I suppose that, when you consider all the fish bones involved, we were lucky not to have a choking incident. (Please note I have scheduled training sessions in the Heimlich Maneuver for all Disciples for next week.) It is fortunate that all of the affected faithful are in fact faithful or we could have a very ugly lawsuit on our hands. Unfortunately the *Philistine Inquirer* has picked up on the story. They have never been sympathetic to us and I'm afraid that "Jesus Poisons Follower" will head their lead feature story next Sunday. We will counter with testimonials from unaffected followers, exculpatory statements from the affected, and indignant outrage from the fishermen's cooperative. Nevertheless we may take a beating in the press.

Recommendations:

It is unfortunate but true that this Miracle has caused us quite a lot of trouble. Attempts to go beyond the one-on-one Miracle have led us into many problems of intergovernmental coordination and political constraints. Such Miracles ought not to be undertaken until an administrative mechanism capable of handling them is in place. We ought not to be misled by the ease of producing Miracles into overreaching ourselves on the implementation side.

If, for High Policy Reasons, it is decided that the Food to the Multitude Program must be continued, then certain steps must be instituted. The most basic step is that the policy staff must be given one week's advance notice before each Event. I will need three staffers to prepare applications and make the necessary contacts. A 30-minute break must be permitted between the Provision of the Food and the start of the sermon to allow for cleanup.

Lastly, the nature of the food provided must be changed. Fish is simply too dangerous a substance. We are sure, sooner or later, to lose a believer to bones or allergies. The PR fallout from that doesn't bear thinking about. (In such a situation I suggest a Lazarus repeat to make the best of a bad situation.) I therefore urge You to provide manna in the future. So far as I know no one is allergic to that. If, for technical reasons, that is impossible, chicken sandwiches on white bread are acceptable from a policy point of view. The policy staff will bring its own lunch. ■

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Who's Who in the Administration

Here is how the firm, take-charge strategist who is our new secretary of State recently defended his actions during Watergate, one of the most important moments of his, and his nation's life:

"I worked hard within the boundaries of the law and the advice of lawyers...."

"The President never made any decision that the lawyers did not support as legally appropriate...."

"...I was constantly receiving advice from counsel. And in almost any Watergate-related issue you care to mention my actions represented a response to advice from counsel...."

"I never made a move without consulting White House counsel."

Do you consult with your lawyer before every move you make? Do most Americans who aren't under imminent indictment? Or did **Alexander Haig**'s persistent need for legal benediction perhaps reflect some subtle awareness that he was not participating in one of the finer moments of the presidency? This was the period, remember, when "White House counsel" were helping cook up an elaborate plot to con Senators Sam Ervin and Howard Baker into supporting the dismissal of Archibald Cox as special prosecutor. (For more details, see Ervin's recent book, *The Whole Truth*.) But the lawyers told Haig everything was O.K., so it was O.K.... What sort of man is it who reacts in a crisis by constantly seeking to place the responsibility on others?

Fortunately the moral vacuum at State will be balanced by the strong presence of **William French Smith** as attorney general. Criticized for attending Frank Sinatra's birthday party, Smith said he was "totally unaware of any allegation about Frank Sinatra's background," that he "had not had any occasion, or the exposure, or the reason, to know of any allegation." And Haid said he just never saw a reason to listen to those tapes to find out if Nixon was lying.... The sad thing is that both men were probably telling the truth. In a situation where something may be very wrong, they'd rather not know....

More depressing news came from *The New York Times*, which reported that "it was regional pressure that influenced the choice of **John Block** as Agriculture secretary.... His selection was sealed when Senator Bob Dole, the influential Kansas Republican, gave Reagan aides a map of the country marked with the home state of the Cabinet choices thus far. The map, which showed the Middle West, a Republican stronghold, to be conspicuous for its lack of representation, proved persuasive." The name of **James Edwards**, the South Carolina dentist, "emerged [for Energy Secretary] because of heavy last-minute pressure from Southerners to pick someone from the South, according to Reagan aides." ... Was this why people voted for Reagan? A president who really wanted to "turn America around" would want to select the best men he could possibly find, regardless of where they came from. Instead, either Reagan or his advisers seem bent on the sort of cliched ticket-balancing that you might find charming in the mock politics of a high school Boys State convention....

We used the term "sellout" on our cover this month. We hesitated because it somehow seems a vulgar word. It is also a word virtually unknown in this city. People in many normal walks of life do worry about selling out—authors worry about writing soap operas when they should be writing novels; actors want to perform Shakespeare, not commercials; reporters and small businessmen worry about preserving their independence. But in Washington—or at least the world of Washington lawyers—no principle, party, or tradition is so sacred that it cannot be traded for cash without fear of censure. Was Frank Weil, the Assistant Secretary of Commerce who railed against Japanese trade barriers, ostracized when he quit his post to become a lawyer for Japanese trading interests? Or Edward Bennett Williams, when his law firm gave Tony Boyle the go-ahead to keep paying the salaries of Jock Yablonski's jailed murderers? Or Joseph Califano, that loyal Democratic soldier, when he surfaced last month at the shoulder of Alexander Haig himself, lending his seal of approval and his respectable liberal presence to help grease Haig's confirmation through Congress? Of course not.

So we were understandably worried about using the word "sellout." But our lawyers said it was all right, so we went ahead....

In

WHITE HOUSE

Chief of Staff—**James Baker**, a senior adviser in the Reagan campaign, is a partner in the Houston law firm of Andrews, Kurth, Campbell & Jones.

Counselor to the President—**Edwin Meese III**, Reagan's campaign chief of staff, has taught criminal law at the University of San Diego and been a member of the law firm of Knutson, Tobin, Meyer, and Shannon of La Mesa, California.

Assistant to the President for Policy Development—**Martin Carl Anderson** has been a Senior Fellow at Stanford University's Hoover Institution.

Assistant to the President for National Security Affairs—**Richard V. Allen**, Reagan's chief foreign policy aide during the campaign, was previously president of his own consulting firm, Potomac International.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Press Secretary—**James Brady** was director of research and public affairs for the Reagan campaign, and prior to that press secretary for John Connally's presidential campaign.

Deputy Press Secretary—**Karna Small** has been moderator of the public affairs broadcast "It's Your Business," sponsored by the U.S. Chamber of Commerce.

Director, Office of Management and Budget—**David Stockman** has been a Michigan congressman.

Deputy Director, OMB, and Assistant to the President—**Edwin Harper** has been vice-president of the Emerson Electric Company of St. Louis.

Assistant to the President and Deputy Chief of Staff—**Michael Deaver**, deputy campaign director for Reagan, was previously president of Deaver and Hannaford, Inc., a California public relations firm.

Assistant to the President for Presidential Personnel—**E. Pendleton James** has been president of Pen James, Inc., a Los Angeles executive search firm.

Assistant to the President for Public Liaison—**Elizabeth Dole** resigned as a member of the Federal Trade Commission in 1979 to campaign for her husband, Sen. Robert Dole (R-Kansas) in his losing presidential bid.

Press Secretary to the First Lady—**Sheila Patton** has been vice-president of Hill & Knowlton, a Washington, D.C. public relations firm.

AGRICULTURE

Secretary—**John Block** has been Director of Agriculture for the state of Illinois.

COMMERCE

Secretary—**Malcolm Baldrige** has been chairman of Scovill, Inc., a Waterbury, Connecticut, manufacturing firm.

DEFENSE

Secretary—**Caspar Weinberger** has been General Counsel and Vice-President of the Bechtel Group, Inc., of San Francisco.

Deputy Secretary—**Frank Carlucci** has been Deputy Director of the CIA.

EDUCATION

Secretary—**Terrel Bell** has been Utah's Commissioner of Higher Education.

ENERGY

Secretary—**James Edwards**, a practicing oral surgeon, is former governor of South Carolina.

HEALTH AND HUMAN SERVICES

Secretary—**Richard Schweiker** did not run for reelection to the U.S. Senate from Pennsylvania when his term expired this year.

HOUSING AND URBAN DEVELOPMENT

Secretary—**Samuel Pierce** has been a senior partner in the New York law firm of Battle, Fowler, Jaffin, Pierce and Kheel.

INTERIOR

Secretary—**James G. Watt** has been president of the Mountain States Legal Foundation.

JUSTICE

Attorney General—**William French Smith** has been a senior partner in the Los Angeles law firm of Gibson, Dunn & Crutcher.

LABOR

Secretary—**Raymond J. Donovan** has been Executive Vice-President of the Schiavone Construction Co. of Secaucus, New Jersey.

TRANSPORTATION

Secretary—**Drew Lewis**, who has been Deputy Chairman of the Republican Party, also heads his own financial and management consulting firm, Lewis & Associates, of Plymouth Meeting, Pennsylvania.

TREASURY

Secretary—**Donald Regan** has been chairman of the New York brokerage firm of Merrill, Lynch & Co.

STATE

Secretary—**Alexander Haig** was most recently President of United Technologies, Inc.

Ambassador to the United Nations—**Jeane Kirkpatrick** is a political science professor at Georgetown University and a resident scholar at the American Enterprise Institute in Washington, D.C.

AGENCIES AND COMMISSIONS

Central Intelligence Agency
Director—**William Casey** is a partner in the New York law firm of Rogers & Wells.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Out

White House
Assistant to the President for National Security Affairs—**Zbigniew Brzezinski** will be a senior adviser at Georgetown University's Center for Strategic and International Studies before rejoining the faculty of Columbia University.

Deputy Press Secretary—**Ray Jenkins** will be editor of *The Clearwater Times* in Clearwater, Florida.

Director, Office of Management and Budget—**James McIntyre** will join the Washington office of the Atlanta law firm of Hansell, Post, Brandon and Dorsey.

Special Trade Representative—**Reubin Askew** will join the Miami law firm of Trauvig, Hoffman, Lipoff, Quentel and Wolff.

Housing and Urban Development
General Counsel—**Jane McGraw** will join the Washington, D.C. law firm of Steptoe and Johnson.

Justice
Attorney General—**Benjamin Civiletti** will rejoin the Baltimore law firm of Venable, Baetjer and Howard.

Labor
Secretary—**Ray Marshall** will be a consultant for the Industrial Union Department Institute of the AFL-CIO, and for Kamber Group before rejoining the faculty of the University of Texas.

State
Undersecretary of State for Security Assistance, Science and Technology—**Matthew Nimetz** will be a partner in the New York law firm of Paul, Weiss, Rifkind, Wharton and Garrison.

Assistant Secretary for Human Rights and Humanitarian Affairs—**Patricia Derian** has signed a contract with the William Morris Agency to pursue writing and lecturing projects.

Agencies and Commissions

Consumer Product Safety Commission
Chairman—**Susan B. King**, whose term would have expired in 1984, has resigned to accept a fellowship at the John F. Kennedy School of Government at Harvard University.

Federal Communications Commission
Commissioner—**Tyrone Brown**, whose term also would have expired in 1984, has joined the D.C. law firm of Steptoe and Johnson.

National Labor Relations Board
Member—**John Penello** is resigning seven months before his term expires.

Securities and Exchange Commission
Chairman—**Harold Williams**, whose term was to end in 1982, has resigned.

The Monthly Journalism Award

Presented each month to the best newspaper or magazine article (or series of articles) on our political system. Nominations from any newspaper or magazine anywhere in the country are welcome. The subject can be government in its federal, state, or municipal manifestations.

The award for articles published in February, 1981 will be announced in the May issue. Nominations will close on March 15. Nominations should be accompanied by two copies of the article or articles.

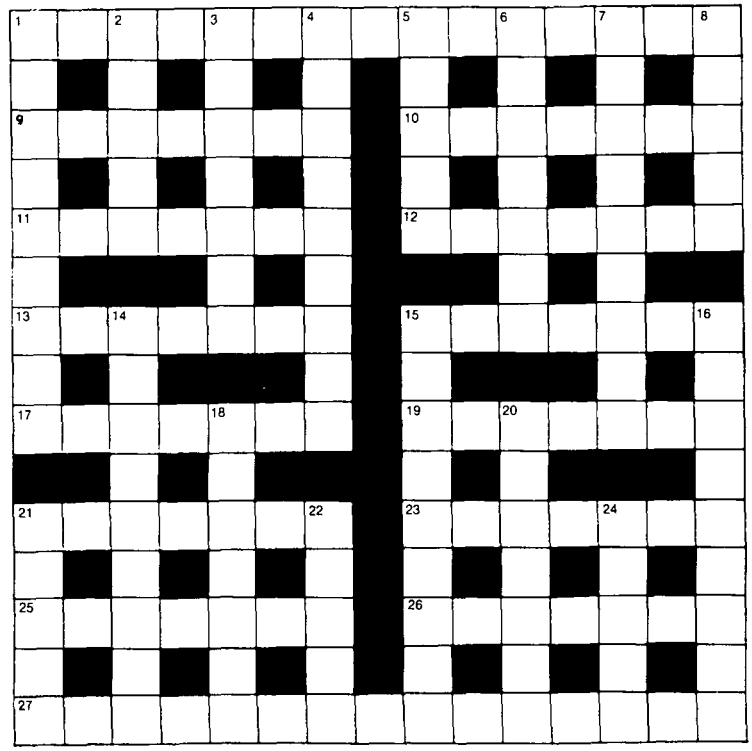
Send to:

Awards
The Washington Monthly
2712 Ontario Road, N.W.
Washington, D.C. 20009

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the political puzzle

by John Barclay



The numbers indicate the number of letters and words, e.g., (2,3) means a two-letter word followed by a three-letter word. Groups of letters, e.g., USA, are treated as one word.

ACROSS

1. Lincoln's non-Gettysburg address? (12,3)
9. Concentrate outside Connecticut. (7)
10. Display tripods clumsily. (7)
11. Man of influence about residing endlessly. (7)
12. Break and repave Heart Street shortly. (7)
13. From a point rental arrangement is perpetual. (7)
15. Country where 51 and 6 are found in scarf. (7)
17. Completely a baby friend? (7)
19. Conical, but somehow dull. (7)
21. Press ad displayed feasts. (7)
23. Put little organization in nights before shows. (7)
25. Revolver brings agents back inside the hostelry. (7)
26. One who spies a deflected blow? (7)
27. Automobile souvenir featured in D.C.? (7,8)

DOWN

1. He is in charge of organizing rinse department quickly. (9)
2. Remarks about stone. (5)
3. Bring up little things in conjunction with substitute. (5,2)
4. Liar and British TV mixed precisely. (9)
5. Sedan tumbled down the mountains. (5)
6. Swear in crazy Latins over 50. (7)
7. Different tune above is very close. (5,4)
8. Participate in innocent erotic activity. (5)
14. Orion text translation forced payment. (9)
15. American symbol from New Deal Bagel. (4,5)
16. Something historic from reconstructed last crane. (9)
18. Acquire technique for rental movement leading to nothing. (5,2)
20. Bears come after smashed G.I. coach. (7)
21. Raw material for manufacturing sails. (5)
22. Good-looking noisemaker? (5)
24. 101 indeed for plants. (5)

Answers to January's puzzle:

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Nicholas Lemann on Political Books

Last spring, when Ronald Reagan was campaigning hard on the strength of his record as a welfare reformer in California—he said he had gotten the cheaters off the rolls, while helping the "truly needy" even more than before—I began reading everything I could about welfare. I found myself fascinated by Reagan's fascination with the issue. It soon became clear to me that welfare is a subject discussed with great ideological vehemence, many statistics, and almost no agreement between the pros and the antis. Like defense, welfare as an abstract proposition stirs great passion in this country. Also like defense, it has generated cadres of warring experts in Washington. It seemed to me there were three main questions about it on which nobody could reach a consensus: Does the availability of welfare cause people to avoid working? How much cheating is there? And is there really a drug-besodden, violence-prone, sexually libertine "culture of poverty," caused in part by welfare, from which there is no escape?

My head swimming with numbers and theories, I went off to North Philadelphia, a big neighborhood where most people are or have been on welfare, in search of the dramatic truth. I was all worked up about it, intellectually. I had mastered Thesis and Antithesis back in Washington. Now I was going to discover Synthesis. I was going to figure out the magic solution.

Well, I didn't. What I found out was the doctrine of the partial truth of theories about the world. For instance, the answer to question number one, as it turned out, was about one-quarter yes. Even the staunchest welfare-rights mother would admit, when pressed, that one-quarter of the people on welfare are lazy bums who have no desire whatsoever to find jobs. On question two, a great majority did cheat, but not in the flamboyant ways—dual payments under assumed names, that kind of thing—that I expected. What they did was take odd jobs (braiding people's hair into cornrows, for instance) and not report the income, or live with a boyfriend and not report his income. Question three was about a one-third yes—the chances of getting out were less than half, but that was more because there weren't jobs than because of welfare.

continued

Nicholas Lemann is a reporter for The Washington Post, *and a contributing editor of* The Washington Monthly.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Now Reagan is president, and I'm sure he'll follow in the footsteps of his two immediate elected predecessors and try to "reform" the welfare system in some major way. I'm sure, first, because it seems clear to me that he regards his California reforms as his greatest achievement in government—he refers to them constantly—and people go through life trying to duplicate what they regard as their greatest achievements. I'm sure, second, because Reagan's chief domestic policy adviser, Martin Anderson, is an intellectual whose major work (that means the greatest achievement theory applies again) is a descriptive and prescriptive book, published in 1978, called *Welfare: The Political Economy of Welfare Reform in the United States.*

What fame the book has won has come from just two words in it: "virtually eliminated." That may be for Anderson what "benign neglect" was for Daniel Patrick Moynihan; Anderson says federal programs and economic growth have virtually eliminated poverty in the United States, and most liberals will seize on that statement as the *summa* of his beliefs. (While we're on the subject, the two words for the other intellectual high in the Reagan government, Jeane Kirkpatrick, will be "moderately repressive." Just watch.) Actually they're more complicated than that. Anderson's main point has to do with the high marginal tax rates on welfare recipients. Because welfare is available only to people under a certain level of income, when welfare recipients begin earning money, they also begin losing welfare eligibility. Thus the "tax" on their earnings is prohibitively high—they may earn $100 and thereby lose $67 in welfare payments because of their higher income. So the marginal tax rate on that $100 is 67 per cent. With taxes that high, Anderson says, welfare recipients have no incentive to earn money, and so remain trapped inside a "poverty wall" created by welfare. As a theory, it's almost beautifully logical.

Martin Anderson himself is the sort of extremely intelligent man to whom theoretical clarity is attractive. In his younger days, besides being perpetually first in his class, he became enamored of libertarianism, and in the 1960s he was an occasional guest at Ayn Rand's salon in New York. We at *The Washington Monthly* don't have any problem with that; as faithful readers know, we have quite a few strong theories of our own, and we like to see people come into government who have thought deeply about public policy. But the real test for such people is how they react when confronted with the doctrine of partial truth, and other facts of government life. Do they stick to the theory to the point of actual hostility to reality? Without being so adaptive as to ignore right and wrong, do they make a real effort to take the facts into account?

Anderson's book holds part of the answer to those questions. Anderson himself interrupted his academic career in the late 1960s to advise Richard Nixon during his presidential campaign, and stayed on in the White House for the first couple of years of the administration. Along the way, he learned a lot about how Washington works, and he shows a heartening willingness to adapt his ideas to political reality. The second half of *Welfare* is about how, in the real world of Washington, to put welfare reform into effect—what kinds of reforms will and won't pass. For example:

"There is no way that the Congress, at least in the near future, is going to pass any kind of welfare reform that actually reduces payments for millions of welfare recipients. Even the most hardy welfare skeptics in Congress will shy away from this possibility. The media response would be virtually unanimous—the 'reform' would be denounced as cruel and mean-spirited. Countless documented case examples would soon drive the point home to everyone watching the evening television news. Even if the Congress were to pass a cut in welfare benefits for millions of Americans, no President could resist vetoing the bill."

Just so. But where the other side of the real world is concerned—out in the field, where the welfare recipients live—Anderson makes not a single concession to practicability. There, the theory is always right. On the very next page from the preceding quote, he says:

"A person's desire for additional income is unquestionably diminished when he realizes that he can keep only half or one-fourth of it for himself."

Unquestionably? Remember, these are people making, even if you count food stamps and Medicaid and other programs, in the neighborhood of $5000 a year. That's not much money. So while the incentive to work for, say, $5500 a year is admittedly tiny, everybody on welfare knows that the only route to a truly decent life—a life of respect, of family, of comfort, of planning beyond tomorrow's impending disaster—is

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

working. Some people on welfare are controlled by the pluses and minuses of the extra $500 a year, but most have their minds on how to get the extra $5000 that they really want, and they know welfare isn't the way.

On paper that's hard to divine, but if you go there you see it, the same way Anderson saw in Washington that the media will scream over welfare cuts. You'll see other things too. You'll see that CETA is regarded by the people it's supposed to help as a phony program, while WIN, another job program, is liked and trusted. You'll see that marginal amounts of extra income are less important than they seem, because nearly everybody makes such sums and simply doesn't report them. You'll see—I saw—that although some people make no pretense of looking for work, others will line up before dawn every morning in hopes of catching creaky buses to nearby farms where they'll make $20 or so a day picking fruit. It's hard to imagine any worse job, but hundreds of people wait in those lines.

Martin Anderson doesn't tailor his theories to those realities because he doesn't know those realities. In this he is unremarkable; neither does any other of the hundreds of welfare experts in Washington. What's important about his rigidity is that it springs not from conservatism, or from ideological passion, but from ignorance of the texture of life out in the field. As we've seen, he is admirably adaptable when it comes to the Congress and the press and the bureaucracy, because they're all part of a world he has seen and knows well.

If there is any huge blind spot in the making of federal policy, this is it. White House staff members have it. Reporters have it. Analysts in the agencies have it. Congressmen have it to a lesser degree, but tend to be as blind as the rest where bad places like ghettos and battlefields are concerned. What's so frustrating about it is that all these people know exactly the intellectual process of fact-gathering and reconsideration that is required, *because they practice it themselves every day of their lives in Washington.* They know what happens to ideas in Washington is complicated; but they don't feel on an emotional level that what happens to those ideas after they leave Washington is equally complicated, equally important, requires equally obsessive attention. I don't expect Ronald Reagan and Martin Anderson to go out and do that spadework themselves, but I hope they feel the need for it passionately enough to make someone do it for them. ■

Charles E. Wilson and Controversy at the Pentagon, 1953-1957

By E. Bruce Geelhoed. *"It provides additional documentation of that elusive search since 1945 for the balance between military security and fiscal responsibility."* – David L. Levering, *The Journal of American History.* *"Students of . . . the defense planning process and the politics of national security especially should not overlook this book."* Major Robert K. Griffith Jr., Combat Studies Institute, USACGSC, *Military Review. 216 pages, $14.95*

Democratic Process and Administrative Law

Revised Edition

By Robert S. Lorch. The administrative exercise of legislative and judicial authority in the United States government is the subject of this book. *"Anyone who still believes that lawmaking is mostly done by legislatures, or that dispute settling is mostly done by the courts, is far behind the times."* – *From the Preface. 280 pages, paperbound, $5.95*

Reforms of Tax Systems

Proceedings of the 35th Congress of the International Institute of Public Finance, 1979

Edited by Karl W. Roskamp and Francesco Forte. Contributors to this international forum, including Sir John Hicks, Alan Peacock, Francesco Forte, Richard Goode, Werner Hirsch, and Peggy Musgrave, direct their attention to the crises of taxation in many countries around the world in a period of high inflation, low growth rate, and energy shortage. Publication should have a significant impact on the world economy; it will be of specific interest to taxation experts and politicians. *clothbound, $30.00*

wayne *Order directly from* **WAYNE STATE UNIVERSITY PRESS The Leonard N. Simons Building Detroit, Michigan 48202**

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

political book notes

Charge It: Inside the Credit Card Conspiracy. *Terry Galanoy. Putnam, $11.95.* Galanoy, a former VISA employee, is frightened by total dependency on the single uniform electronic money system (which he calls Lifebank) that the credit-card companies have in store (en banc?) for us. Banks are eager to be rid of cash and checks, which are awkward and costly to handle. They envision a giant computer interconnected to banks, stores, and gas stations, replacing paper with magnetic codes. If they have their way, Galanoy says, we should be able to "take a 38-stop trip around the world with walking-around cash so minimal it wouldn't budge a leotard."

What's the danger? Lifebank would put individuals at the mercy of error-prone computers, which could glitch money out of their possession without any hope of appeal, since transactions would have no paper records. And while Lifebank might eliminate tellers who rake cash out of the till, Galanoy says the potential for fraud is increased: those who operate the computers can just program themselves into clover.

What to do? Galanoy would limit the number of cards one person could use and the amount he could spend; he would alter credit terms to reduce profits to banks. His exhortation to return to prairie values of thrift is a trifle overdone; but more important, it's hard to see how that would slow down Lifebank. What a benignly inaccurate computer can do to one's credit rating is the real problem.

—Pat Martin

Cities and Firms. *Herrington J. Bryce. Lexington, $18.95.*

Death of a Division. *Charles Whiting. Stein & Day, $11.95.*

The Enigma of Felix Frankfurter. *H.N. Hirsch. Basic, $14.95.*

The False Promise of Codetermination. *Alfred L. Thimm. Lexington, $27.95.*

Global Signposts to the 21st Century. *John A. Loraine. Univ. of Washington Press, $20.*

Gone Crazy and Back Again: The Rise and Fall of the *Rolling Stone* Generation. *Robert Sam Anson. Doubleday, $14.95.*

The Hearsts: Family and Empire—The Later Years. *Lindsay and Michael Cieply. Simon & Schuster, $16.95.*

Henry Ford: The Wayward Capitalist. *Carol Gelderman. Dial, $14.95.*

High in America: The True Story Behind NORML and the Politics of Marijuana. *Patrick Anderson. Viking, $13.95.* See Nicholas Lemann's review in our December issue.

The Last Days of Patton. *Ladislas Farago. McGraw-Hill, $12.95.* See January's *Tilting at Windmills.*

The Limits of Corporate Power. *Ira M. Millstein, Salem M. Katsh. Macmillan, $15.95.*

Muslim Civilization and the Crisis in Iran. *Ravi Batra. Venus Books, $8.*

The Nazi/Skokie Conflict: A Civil Liberties Battle. *David Hamlin. Beacon, $12.95.* Hamlin, former director of the Illinois ACLU chapter, gives a good accounting of the 1977 legal struggle over whether Nazis could march on Skokie, Illinois, a heavily Jewish suburb of Chicago. Hamlin ought to know, since he defended the Nazis in the case.

Somebody named Frank Collin, head of a neo-Nazi group, had announced his intent to stage a rally in front of the village hall in Skokie, where several thousand survivors of the Holocaust live. Hamlin describes his client Collin as a "dull, inept, unimposing man, a poor, woefully ineffective speaker who backs up his ravings with one-page childlike cartoon propaganda." It's a generous assessment. Save for military uniforms and the ever-present swastika, Collin's tiny group bore little resemblance to a Nazi menace. Hamlin explains the four factors that promoted Collin's ravings to the status of a national controversy: the misbelief that Collin had true power (he had none); panic within the Skokie Jewish community caused by that misbelief; what Hamlin calls the corrupt Illinois judiciary; and the incompetence of the press, which hyped the story for every ounce of artificial spectacle it could. (At several "Nazi rallies," reporters outnumbered "Nazis" ten to one.)

After a long-fought battle, Collin won. Even bargain-basement flipos have the right to speak, right? Luckily Collin did not exercise his right, and the rally was never held in Skokie. The reporters scattered, and his "movement" has not been heard from since.

—Donna M. Fenn

Network Television and the Public Interest. *Michael Botein, David M. Rice. Lexington, $19.95.* Essays and lectures from a 1978 New York Law School conference, examining the legal, economic, operational, and regulatory aspects of network television. The major concern is the concentration of network power and the inability of other-than-major advertisers to buy time.

—P.M.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Not Well Advised. *Peter Szanton. Russell Sage Foundation, Ford Foundation, $11.95.*

The Oppressed: Politics of Middle Management. *Earl Shorris. Anchor Press/Doubleday, $10.95.*

Roll Call: Power and Privilege in the United States Senate. *William S. Cohen. Simon & Schuster, $14.95.* Unaware that there are excruciating choices confronting the conscientious elected official? Then read of Senator Bill Cohen's first year in the 96th Congress. Conflicts of interest and unceasing demands on time and attention—from public, private, local, state, national, and global sources—plague him. Should local jobs be maintained regardless of the need to cut federal expenses? Is electric power more important than environmental damage from a new dam? Should the weekend be spent in China? In Kittery, Maine? At a son's soccer game? Is it possible to attend every subcommittee hearing, party leadership conference, session with the president, and still make that trade association cocktail hour? The carefully typed, staff-prepared schedule on Cohen's 3-by-5 card says it is.

One of the excruciating choices Cohen faces is how to vote on the SALT II treaty. He is being lobbied heavily by his peers, Sam Nunn and Henry Jackson, to vote no. President Carter is lobbying him to vote yes. Carter brings the fantastic power of the modern presidency to bear by offering a sweetener—tickets to the Kennedy Center in return for a yes vote. Score another one for savvy. Cohen eventually decides to vote no—he must have already seen the show.

—*P.M.*

Son of Sam: Based on the Authorized Transcription of the Tapes, Official Documents and Diaries of David Berkowitz. *Lawrence D. Klausner. McGraw-Hill, $12.95.*

The Taming of Fidel Castro: An Essay in Contemporary History. *Maurice Halperin. Univ. of California Press, $14.95.*

The Testing Trap. *Andrew J. Strenia, Jr. Rawson, Wade, $14.95.* A useful and balanced appraisal of the controversy over college board testing and of the general question of how to judge merit in a meritocracy.

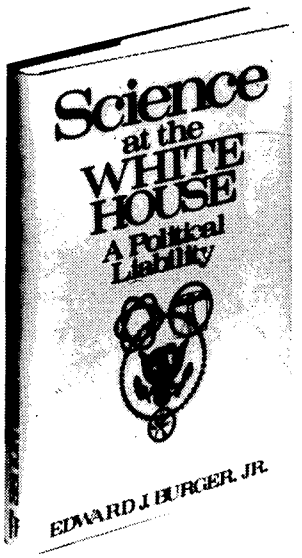
A Trial of Generals. *Lawrence Taylor. Icarus, $13.95.*

Violence and Crime in Schools. *Keith Baker, Robert J. Rubel. Lexington, $16.95.*

The Winning Weapon: The Atomic Bomb in the Cold War, 1945-1950. *Gregg Herken. Knopf, $15.*

Women and Religion in America: Volume I: The Nineteenth Century. *Rosemary Radford Reuther, Rosemary Skinner Keller. Harper & Row, $12.95.*

An insider's analysis



Science at the White House

A Political Liability

Edward J. Burger, Jr.

foreword by Don K. Price

Science at the White House takes a critical and timely look at the role played by science advisers to the President and recounts the many conflicts that occur as science and politics converge.

Edward J. Burger draws upon his own six years of experience in the White House Office of Science and Technology to give first-hand descriptions of the government's handling of such issues as national health care, environmental regulation, population control, and biomedical research and development.

$14.95

The Johns Hopkins University Press
Baltimore, Maryland 21218

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Myth:

All freight carriers compete on an equal basis.

Fact:

Public subsidies for trucks and barges throw competition out of balance.

You, as an individual, pay part of the cost for everything shipped by truck or barge—whether you use it or not.

The public roads and highways—the rights-of-way for heavy trucks—are built and maintained primarily by money collected from drivers of passenger cars and light trucks. If a p by barge, it moves through locks a over waterways built and maintain entirely with your tax dollars.

Nearly all of America's freight ra maintain and pay taxes on their tra of-way, and these costs are paid fr earned by the railroads. As a resu railroads 34¢ out of every dollar of track and rights-of-way, compared by trucks and the .003¢ paid by ba of which amounts to a fair share o

All transportation has received assistance at one time or another. railroads, however, have reimburse ment for most prior aid. Much of th to some railroads is in the form of repaid with interest. On the other h barges have long received outrigh

All forms of freight transportatio their full costs of doing business. American people will receive the n transportation services—and a ne will be lifted from the motorist and

For more information, write: Co Association of American Railroads, American Railroads Building, Washington, D.C. 20036.

Surprise

Rights-of-way costs are heavy for America's freight railroads; motorist and taxpayers c most of the burd for highways and waterways

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED